Amalgamation vs. Inter-Municipal Cooperation: Financing Local and Infrastructure Services

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Chapter 1 - Introduction

Municipalities nearby to each other almost inevitably share problems deriving from a common territorial source. Perhaps they must each rely on drinking water from the same lake; deposit waste in the same landfill site; move traffic over roads that connect with each other; or provide social services to people who are in the same, or overlapping, labour markets. On some matters, they will easily cooperate with each other; on others there will be conflict. Either outcome could lead to calls for municipal amalgamation. If there is lots of evidence of cooperative interaction, why not save money by eliminating duplicated overheads? If there is conflict, the argument will be that amalgamation will prevent delays and extra expense caused by inter-municipal bickering.

The aim of this study is to describe and analyze Canadian cases of municipal amalgamation on the one hand and inter-municipal cooperation on the other. Unfortunately, neither alternative is unambiguous. For example, in two-tier systems, municipalities are amalgamated with respect to some functions and remain autonomous with respect to others. This study will not be concerned with assessing two-tier systems, although we shall be examining how municipalities within two-tier systems cooperate with each other with respect to functions for which they are individually responsible. The term "cooperation" is even more problematic. When municipalities agree to cooperate with each other, especially with regard to costly capital investments, it is usually impossible for them to change their minds. Sometimes they are locked in by long-term contracts, sometimes by legislation. For the purposes of this study "inter-municipal cooperation" will be considered to mean any legislative or contractual arrangement short of the creation of a formal, ongoing, two-tier system in which each tier is responsible for a number of municipal services. This means, for example, that provincial legislation requiring that municipalities participate in a specified inter-municipal special-purpose body will be considered as one form of cooperation.

Reasons for amalgamation and cooperation

Without a clear understanding of what is meant to be achieved, it is not possible to assess the relative merits of amalgamation and cooperation. There are two distinct types of reasons why two or more municipalities might become more closely involved with each other:

1) because of a desire to provide one or more municipal services more efficiently over a wider area; or
2) because of a desire to establish some form of municipal institution to encompass all or most of a single continuous built-up urban area.

Some inter-municipal institutions (or outright amalgamations) might be established for both types of reasons at the same time. In the case of the second type of reasons, some advocates might stress the need for area-wide land-use planning; others might advocate for a common agency for economic development; and still others might favour a very strong inter-municipal institution (or outright amalgamation) so as to promote more equal service levels and tax burdens.

The point of this two-fold distinction is to emphasize that the first type of reason for inter-municipal involvement does not require determining the territorial scope of a single urban area or community. Under the first type of reasons for amalgamation, any group of contiguous municipalities might come together in the hope of providing or more municipal services more efficiently. "Public-choice" analysts have measured costs of municipal activities at various population levels. Not surprisingly, they have discovered that almost every activity has a different optimal size. That is why they favour various forms of inter-municipal agreements and generally are opposed to municipal amalgamations, certainly those that are justified on grounds that they will save money (Ostrom, Bish and Ostrom1988, ch.7).

The standard argument against this analysis is that multiple inter-municipal agreements lead to a lack of accountability. Citizens will find that their elected representatives cannot immediately fix a perceived problem because the policy under attack is covered by an inflexible contract or under the control of a special-purpose body in which the citizen's municipality has only limited influence. This is a serious defect in the public-choice approach. The real question, however, is whether amalgamation actually improves the ability of individual citizens to hold municipal councils accountable. Amalgamations reduce (but do not eliminate) the likelihood of inter-municipal links. In this sense they make accountability mechanisms simpler. However, it is far from certain that the existence of tidy organization charts actually increases the ability of individual citizens to have municipal councils do what they want.

Metropolitan areas

Public-choice analysts are not much concerned with the concept of community. They expect people with similar desires for public services to join together so as to provide common services more efficiently. But they refuse to acknowledge the possibility that governments can serve and nurture communities whose existence transcends utilitarian calculations about needs, desires, services, and taxes. They are sceptical that governments can develop grand plans that shape the economic or environmental future of an urban or metropolitan area. Such scepticism derives from beliefs that governments are made up of people who cannot know the future and who, in any event, are more likely to advance their own personal career interests rather than some abstract public interest.

Jane Jacobs, our most perceptive observer of how cities work, is far from being a public-choice analyst, but she is equally sceptical about the planning capabilities of government. Although she has a highly developed sense of different forms of urban communities

(Jacobs 1961), she believes that it is impossible to define the boundaries of a "city region." Such "boundaries" are solely the function of economic activity within the central city and the boundaries expand and retract accordingly (Jacobs 1984).

Public-choice and Jane Jacobs notwithstanding, there are a great many people who do believe that each recognizable urban area needs to have at least one common public institution in which the concerns of the whole area can at least be addressed, if not acted upon. Perhaps because Americans have generally failed in the past to establish such institutions, there is now a growing and important literature about the need for new approaches to metropolitan and regional governance (Peirce1993, Dodge 1996). Only one of these recent authors has been much

concerned about municipal boundaries. David Rusk (1993) has argued that American central cities need "elastic" boundaries if they are to avoid economic decay. The rest seem content with promoting various mechanisms to enable municipalities in a metropolitan area to cooperate with each other rather. For these authors, municipal amalgamation is not a realistic—or even desirable—option (Savitch and Vogel 1996).

In the mid-1990s none of the 56 American metropolitan areas with populations over 850,000 had a central municipality whose population made up over 70 percent of the population of the whole area. The two closest were San Antonio (69 percent) and Jacksonville (68 percent). Jacksonville's central municipality is a result of a city-county consolidation in 1967. Even though incorporated municipalities within the county were not included, the Jacksonville experience is seen as a major American example of municipal amalgamation. Canada has five metropolitan areas with populations over 850,000. Edmonton's central city has a higher share—71 percent—of its metropolitan area's population than any other American and Canadian metropolitan area with a population greater than 850,000 (Sancton 1998a). Because Edmonton has no upper-tier municipal authority and because its central-city share of total metropolitan population is small compared to other less populous western-Canadian metropolitan areas (Calgary, Winnipeg, Saskatoon, Regina), Edmonton can be seen, in Canadian terms, as a fragmented metropolitan area (Lightbody 1998a).

The larger the metropolitan area, the less likely it is that municipal amalgamation can provide the one metropolitan authority sought by many to provide large-scale land-use planning and/or economic development. For populous metropolitan areas, two-tier systems are more likely. As has already been explained, such systems are not the concern of this report, except to the extent that some municipalities might enter into voluntary cooperative arrangements with upper-tier authorities.

Cases in this report

This report examines four cases of amalgamation and four cases of municipal cooperation. Two of the cases—Laval in Quebec and York and Durham regions in Ontario—relate only to parts of Canada two largest city-regions. In these two cases, the object of the amalgamation (in Laval's case) and the inter-municipal cooperation (in York's and Durham's) has nothing to do with issues relating to the governance of an entire metropolitan region. In five of the other cases such issues are often at the heart of what is to be analyzed. Edmonton and St. John's are examples of metropolitan areas in which there are a number of autonomous municipalities that are not linked together by a strong multi-functional upper-tier metropolitan government. Abbotsford, London, and Cape Breton are all examples in which amalgamated municipalities have been created so as to provide a single municipal government for an entire urbanized area. The remaining case of inter-municipal cooperation examines an agreement for the provision of potable water between two municipalities—Regina and Moose Jaw—that are not part of the same metropolitan area.

Information concerning the cases is derived primarily from public documents, supplemented on occasion by informal interviews with local politicians and/or municipal and provincial public servants. Because they so dramatically different from each other, there can be

no common format for the description of the various cases. In all of the them, however, the fundamental objective is to understand the wider political and economic context in which decisions about municipal arrangements are made. It is obvious that no firm conclusions can be drawn about which arrangements are superior, especially since all such decisions are taken for different reasons and in different circumstances. For this report, readers must be comfortable with ambiguity and uncertainty. If nothing else, the report should illuminate at least part of the infinite complexity of the mechanisms we use to govern our local communities and arrange for the provision of local public services.

Existing literature

Existing literature about the relative merits of municipal amalgamation and inter-municipal cooperation is quite limited. There are numerous studies of the political processes through which various amalgamations and federations came about. There are also a great many accounts of the municipal institutional structure of metropolitan areas in various parts of the world (Sharpe 1995). Most such accounts are concerned with the extent to which autonomous municipalities cooperate with each other for the purposes of fostering economic development or for overcoming the major social and economic cleavages that are often marked—territorially—by the boundaries between central cities and suburbs. None of these studies pay much attention to the intricacies of municipal services or the presence of inter-municipal service agreements. The option of amalgamating entire metropolitan areas or city-regions into a single municipality is seldom, if ever, addressed because, in most jurisdictions, such gigantic amalgamations are not seen being either possible or desirable.

There is, of course, quite an extensive literature on the relationship between the size of the population of municipalities and their expenditures. Since it has recently been reviewed elsewhere (Sancton 1996) and since it is not the central concern of this study, it shall not be reviewed again. For the purposes of this study, however, the main point is that this literature provides no evidence that the amalgamation of municipalities saves money.

There are three American studies of metropolitan areas that merit special attention. Two were done by public-choice scholars for the federal government's Advisory Commission on Intergovernmental Affairs (ACIR): one for St. Louis and the other for Pittsburgh. These studies are notable for the detail with which they explore inter-municipal arrangements in metropolitan areas that are highly fragmented and that have no multi-functional upper-tier level of municipal government.

St. Louis

The territory of the City of St. Louis and the County of St. Louis included, in 1990, only 75 percent of the population of the Missouri portion of the metropolitan area (Phares and Louishomme 1996, 73). But this area itself contained 90 separate incorporated municipalities, in addition to large tracts of "unincorporated" subdivisions serviced directly by the county. Since 1954, when its creation was approved by referendum in both the city and the county, the Metropolitan St. Louis Sewer District has been responsible for sewers (ACIR 1988, 27). Although recognized as a "success story" for almost four decades, it was by 1994 in considerable

difficulty because voters refused to agree to fee increases to finance improvements that were mandated by both state and federal laws (Phares and Louishomme 1996, 94-95).

In 1988, 63 of the 90 municipalities had their own police departments. The rest contracted from another municipality or from the county. An analysis of police costs within county municipalities concluded that

> some slight economies of scale are enjoyed by the larger police departments....In the per capita equations, the coefficients indicate that, after adjustment for other factors affecting police expenditures, a 1000 resident increase...is predicted to yield a decrease of somewhat less than one percent [50-70 cents a year per capita] for an average department].
>
> The effect of size is relatively weak, however....[T]he presence of business activity has the greatest effect on police expenditures (ACIR 1988, 59).

All county departments use the county's crime laboratory and all departments in both the city and the county use the Greater St. Louis Police Academy (ACIR 1988, 60). Various departments contract with each other for specialized services. All police departments in the metropolitan area (including those in southern Illinois) participate in the Major Case Squad, which operates under the auspices of the Board of Governors of the Law Enforcement Officials of the Greater St. Louis Area. It is concerned primarily with the investigation of homicides (ACIR 1988, 63).

Twenty municipalities in the city and county have their own fire departments; five contract with other municipalities; and three contract from fire service districts. The remaining 62 municipalities are participating members of 24 fire districts, but one fire district contracts for services from a neighbouring municipality (ACIR 1988, 69). Economies of scale were apparent for fire services up to a population level of 50,000, but there were no economies of scale according to the total value of property protected (ACIR 1988, 72). Numerous examples of cooperation were discovered including mutual aid agreements, common recruiting standards and programs, joint training exercises, central inventory listing for emergencies, and, for many departments, joint arrangements for dispatch. Operationally, the system seemed to work well. Most conflicts among fire departments resulted from annexations of unincorporated county areas by nearby municipalities. This sometimes had the effect of reducing the resources of fire districts and provoked them to temporarily suspend mutual aid agreements to the affected areas (ACIR 1988, 74).

Claims are often made that municipal fragmentation in a metropolitan area hinders economic development. The ACIR study presents data to show that as many new jobs have been created in St. Louis in recent years as in other American metropolitan areas of similar size and with similar economic bases. The data suggest that the number of municipal governments in an area is unconnected to the number of new jobs created. However, the authors acknowledge that, because of the complete institutional separation between the county and the city, downtown St. Louis might have lost out on the kind of suburban assistance and partnerships that have been available in other cities where county jurisdiction includes the central city. In general, however, the overall assessment of the St. Louis system by the ACIR study was very positive.

Pittsburgh

The Pittsburgh metropolitan area has a population of 2.2 million. The population of Allegheny county, which includes the city of Pittsburgh and 124 other incorporated municipalities, is 1.4 million. Unlike the situation in St. Louis county, there are no unincorporated areas within Allegheny county. The structure of the ACIR report (1992) on Pittsburgh is very similar to that of St. Louis—and so are the results. The report describes special purpose authorities for sewers and water supply and cites numerous examples of inter-municipal cooperation relating to policing and fire protection. Since almost every municipality has its own police department and since there are about 250 different organizations—mostly volunteer—for fire protection, such cooperation is essential. The report does point out, however, that for policing

> Cooperative investigative teams are not always easily established....[M]unicipal departments in the area surrounding Wilkinsburg have not been able to agree on the formation of a cooperative team. Wilkinsburg is surrounded on two sides by large communities—Pittsburgh and Penn Hills—that have sufficient resources to conduct independent investigations, and on the remaining sides by wealthier communities that do not perceive sufficient crime problems to warrant joining in cooperative efforts (ACIR 1992, 44).

The report places considerable emphasis on the benefits that flow from the fact that the county includes the city of Pittsburgh and that all of its area is incorporated. This means that "the county is exclusively an overlay, rather than a competitive political jurisdiction. County officials are free to concentrate their energies on providing and producing a limited number of services and otherwise relating in a productive manner to municipal governments (ACIR 1992, 87)." Consistent with such an observation is the overall conclusion that "The most prominent organizational features of Allegheny county are not functional fragmentation, inefficiency, and inequity, but public entrepreneurship, community-based organization and voluntarism, and intergovernmental problem solving (ACIR 1992, 88)."

In recent years Pittsburgh has experienced a remarkable economic renaissance. At a minimum, the Pittsburgh case demonstrates that consolidated municipal government is not a prerequisite for economic recovery. However, the case also demonstrates that such recovery requires strong leadership. It apparently emerged in Pittsburgh from a centralized and focussed set of economic interests that worked through non-governmental organizations to transform the local economy (Jezierski 1996). Municipal governments, it seems, were in no position to provide such leadership themselves. They never pretended that they could provide it and they did not much interfere with what the economic elites decided. It is clear that key decisions about Pittsburgh's economy have been made by business interests rather than by elected representatives of the people. Would things have been different if municipal governments had been consolidated? Would the citizens have Pittsburgh been better off? These are important questions that have probably not been much considered in the United States where no one seems to assume that global competitiveness requires large municipal governments. In Canada, the answers have largely been assumed. The Pittsburgh case at least demonstrates that some of the Canadian assumptions about the merits of consolidation (New Brunswick 1997) require further consideration.

Louisville and Lexington

A quite different kind of study, comparing the Louisville and Lexington metropolitan areas in Kentucky, forces us to at least think again about some of the findings of the ACIR-sponsored studies. Louisville's metropolitan population is almost one million while Lexington's is a quarter of a million. Jefferson County, of which Louisville is a part, contains about a hundred incorporated municipalities and is therefore quite typical by American standards. Fayette County, on the other hand, merged with the City of Lexington in 1974. Unlike most other American city-county consolidations, this one resulted in a single municipal government for the entire area, because there were no other incorporated municipalities within the county boundaries. The three researchers of the Louisville-Lexington study wanted to determine whether residents of five similar municipalities/neighbourhoods in each metropolitan area had similar views about the quality of urban services in their respective areas.

Unlike the St. Louis and Pittsburgh studies, this one tells us very little about actual service arrangements and taxation arrangements and nothing about inter-municipal agreements. It relies entirely on statistical analyses of telephone interviews with about two thousand respondents during the autumn of 1986. The data suggest that "consolidated local government is associated with somewhat higher citizen satisfaction (Lyons, Lowery and deHoog 1992, 43)" and that

> citizens in small, rather homogeneous governmental jurisdictions operating in highly fragmented systems are not very attentive to their most basic unit of government. Nor are they significantly or systematically more aware of the opportunities for finding other places with equally satisfactory tax and service packages within the same urban area than are their counterparts in a more consolidated-government setting. Moreover...the residents of our consolidated-government sites were far better informed about their local government services than their fragmented-government counterparts (Lyons, Lowery and deHoog, 103-4).

The authors of the Louisville-Lexington study readily admit that their findings would not necessarily be replicated in other similar studies. Unfortunately, they never address the possibility that Louisville's significantly larger population may itself be the main cause—unmediated by differences in local-government structures—of the differences in citizen perceptions. It is also important to realize that the study's authors acknowledge that "none of these data obtained from the Lexington and Louisville surveys can be used to address...efficiency concerns (Lyons, Lowery and deHoog,185)." Indeed, the authors offer little or no comfort to those who advocate consolidation solely on the grounds that it will save money:

> Instead of highlighting the political advantages of metropolitan integration in terms of information, equity in service provision, and democratic control, supporters of consolidation all too often make insupportable claims about economies of scale that shift the terms of the debate to the wrong issues (Lyons, Lowery and deHoog, 192).

Conclusion

There are no Canadian equivalents to any of these American studies . There has been much attention focussed on the processes relating to annexation, amalgamation, and the creation of two-tier metropolitan and regional governments. There have been brief, anecdotal accounts of various kinds of inter-municipal cooperation. Our most ambitious amalgamation prior to the recent creation of the new City of Toronto—Winnipeg's Unicity—has only received cursory evaluations (Klos 1998). Others, including the Halifax Regional Municipality and the Municipality of Chatham-Kent in Ontario, have occurred too recently (1996 and 1998 respectively) to be effectively evaluated. Although none of the cases that follow come close to replicating the rich detail and sophisticated statistical analyses found in the American studies, they are an attempt to move beyond emotional debates about municipal amalgamation and to assess what works and what does not.

Chapter 2 - Laval

In 1965 the Quebec legislature amalgamated fourteen municipalities north of Montreal to create the city of Laval. Ever since that time, Laval has been Quebec's second most populous municipality. Despite its obvious importance and the fact that it happened almost thirty-five years ago, the Laval amalgamation has received virtually no academic attention. Nor has the government of Quebec sponsored any kind of systematic evaluation or study. Since claims are often made that the benefits of municipal amalgamation only become evident in the long term (O'Brien 1993, 110), the Laval case is especially deserving of further study.

Between 1951 and 1964 the population of the territory of the fourteen municipalities grew from 35,000 to 170,000 (Meynaud and Léveillée 1973, 202). The area, almost all of which is contained on a single island known as Ile-Jésus, was in the direct path of Montreal's outward suburban expansion. The creation of Laval—unlike that of Winnipeg's Unicity a few years later—had nothing to do with linking a central city with its suburban hinterland. Because Laval was and is a ***suburban*** amalgamation, it must be assessed not just in terms of how it affected the residents of its constituent municipalities but also in relation to its impact on the entire Montreal metropolitan area.

All the reasons for the creation of the city of Laval relate in one way or another to the effects of the explosive suburban growth on Ile-Jésus during the 1950s and 1960s. Prior to 1959 Ile-Jésus was governed locally as if it were a typical rural county. There was a Laval county council and varying numbers of constituent municipalities. In 1959 the Quebec legislature replaced the county council with a *Corporation interurbaine de l'Ile Jésus* which, unlike county councils, included within its jurisdiction all municipalities within its territory, even those incorporated as cities. But attempts by the *Corporation* to establish itself as a powerful upper-tier government met with significant municipal resistance. One of its opponents was Jean-Noël Lavoie, the mayor of Chomedy, the area's most populous municipality that was itself created in 1961 by the merger of three other municipalities (L'Abord-à-Plouffe, St-Martin and Renaud).

Mayor Lavoie was also a Liberal member of the Quebec legislature. In February 1964 he convinced the Liberal minister of municipal affairs, Pierre Laporte, to establish a three-person commission headed by Judge Armand Sylvestre to study the inter-municipal problems of Ile-Jésus. None of the three members lived in Ile-Jésus (Bédard 1965, 141); one, Georges Longval, worked for the city of Montreal as an economic advisor to Lucien Saulnier who at the time was actively working to extend the city's boundaries over the entire Island of Montreal (Sancton 1985, 97-101). The Sylvestre report was completed in December 1964. It is a remarkable document. Its text (excluding bibliographical and statistical appendices) comprises 258 double-spaced typewritten pages. The report opens with a philosophical and historical discussion of Quebec's municipal system as it was manifested on Ile-Jésus. The commission claimed that Quebec municipalities have never cooperated much with each other, apparently due to the effects of the British conquest:

> Cet état d'esprit individualiste, pour ne pas dire davantage, est à l'origine du manque de coopération qui existe encore actuellement entre les différentes municipalités. C'est là une des conséquences de la conquête et des difficultés sans nombre rencontrées par les Canadiens-Français, face à leurs conquérants (Québec 1964, 3-4).

The commission then provided fairly conventional accounts of the legal status of Canadian municipalities and of the particular characteristics of suburban expansion on Ile-Jésus. This part of its analysis concluded with the following portrait of Ile-Jésus in 1964, a portrait which seemed to capture the commission's main concerns.

> Le caractère rural de l'île s'est bien vite atténué, un très grand nombre de terres étant entre les mains de propriétaires non-terriéns qui attendent l'occasion favorable. Cependant, comme l'île n'est urbanisée qu'à environ 20% de sa superficie totale, on doit dire qu'elle conserve encore toutes les marques extérieures d'un domaine agricole. Il est certain que, face à une urbanisation complète dans un avenir plus ou moins rapproché (Québec 1964, 29-30)

A major portion of the report consists of summaries of the contents of thirty-six different briefs submitted to the commission at public hearings and meetings. Most called for relatively minor municipal restructuring (such as the creation of five or six municipalities on the island) and increased inter-municipal cooperation, either through a strengthened *Corporation* or some new form of regional authority.

The city of Chomedey outlined the benefits of the amalgamation from which it was formed in 1961:

> amélioration du statut des employés en place, création de nouveaux services, de commissions, simplification des procédures administratives, mécanisation, embauche de personnel compétent, répartition des tâches, uniformisation des taux de la taxation, réévaluation etc. Il a fallu des investissements assez considérables pour seconder les nouvelles structures, les initiatives et le programme administratif, investissements que Chomedey a pu financer à même les revenus courants et sans pénaliser le contribuable. Comme autres résultats le mémoire signale: améliorations du climat social et économique favorisant les investissements privés et les conditions locales d'emploi (Québec 1964, 57-8).

In a significant one-sentence commentary on Chomedey's brief, the commission noted: "L'auteur, par sa démonstration, tend à prouver que la fusion des municipalités demeure la solution efficace et appropriée aux divers problèmes intermunicipaux (Québec 1964, 58)." However, the municipal opposition party in Chomedey claimed that amalgamation "a apporté de mauvais effets en ce qui a trait à l'administration, les services, le développement économique et les finances de Chomedey (Québec 1964, 62)." It characterized proposals for major new amalgamations as "dépassée et fantaisiste (Québec 1964, 63)" and asked the commission to study the views of New Brunswick's Byrne commission (1963) on the subject. The commission offered no commentary.

Mayor Lavoie, this time as head of the *Regroupement municipal de l'Ile-Jésus*, proposed significant mergers such that two large municipalities would be created on the island. This was one of the few briefs that placed the area in the context of metropolitan Montreal. He advocated a "Gouvernement Métropolitain formé de représentants de l'Ile-Jésus, de l'Ile de Montréal et de la rive sud. Il serait, dit-il, un excellent instrument de cohésion (Québec 1964, 75)."

The town of Auteuil supported Lavoie's position, going so far as to say that the creation of only *one* new city might be desirable. Its mayor claimed that the town "manque de la plupart des services essentiels, faute de ressources financières" and that "le système de drainage est

construit à l'encontre des bassins naturels et il préconise aussi la centralisation des usines de filtration (Québec, 77-8). Auteuil had raised such concerns with the *Corporation* but no action was taken.

The Sylvestre report paid special attention to its consultations with Jean-Claude LaHaye, a well-known Quebec planner who had already prepared a transportation plan for Ile-Jésus and who later headed a provincial commission on Quebec's entire land-use planning system (1968). LaHaye clearly favoured a single municipal authority for Ile-Jésus. On the subject of inter-municipal cooperation on the island, the Sylvestre report characterized LaHaye's observations as follows:

> Bien qu'il existe plusieurs législations qui permettent aux municipalités de coopérer dans l'organisation de certains services, peu de municipalités ont usé de ces moyens. Il est à remarquer cependant que certaines cités fournissent de l'eau à leurs voisines; là, se limite la coopération entre les villes de l'Ile-Jésus. Aucune autre coopération n'existe pour ce qui concerne la construction des égouts ou d'usines d'épuration, ni pour tous travaux d'infrastructure, tels que ponts, parcs publics, etc (Québec 1964, 96-7).

La Haye was also concerned about the financial health of some municipalities that had been too optimistic about immediate growth prospects and had over-invested in capital projects (Québec 1964, 97). In another part of his work, he pointed to the obvious manifestations of land speculation, especially abandoned farms. Because of "un manque absolu d'intérêt vis-à-vis de l'agriculture," he recommended "l'intervention des pouvoirs supérieurs...sur le plan régional (Québec 1964, 98-9)" so as to protect a portion of the island's valuable farmland and wooded areas.

In its own analysis, the Sylvestre commission pointed to the fact that the fourteen municipalities of Ile-Jésus (including the small off-island municipality of Iles-Laval) were governed by 14 mayors and 88 councillors. The per capita cost of paying such people was significantly more than in the city of Montreal (Québec 1964, 131). It also expressed concern that small municipalities usually did not have the financial resources to hire professional specialists. When they do, it is unlikely that professional talent can be efficiently used (Québec 1964, 132-5).

More so than with any other Canadian amalgamation debate, the one on Ile-Jésus seemed concerned with the evil effects of land speculation. The commission devoted eight pages (Québec 1964, 148-56) to its own analysis of the problem, but it never demonstrated how changes in municipal structures could reduce speculation. Instead, it recommended that a separate law be passed to prevent land speculation (Québec 1964, 254). The commission implicitly assumed that larger municipalities are more effective land-use planners and that such planning reduces speculation, but the case was never clearly articulated.

The Sylvestre report described the police and fire departments on Ile-Jésus (Québec 1964, 161-66) and effectively concluded that none of the existing municipalities were sufficiently large to purchase the required equipment and communications systems or to hire enough well-trained, professional, full-time officers. It cited some examples of inter-municipal cooperation (e.g. monthly meetings of fire chiefs) but did not consider them of much importance.

Concerning public works (or infrastructure), the report contained some especially critical comments. It noted an absence of coordination related to arterial roads. In light of today's

frequent emphasis on the desirability of contracting out, the report makes the following telling observation:

> Lorsqu'il s'agit de technique et de spécialisation—la fonction ne manque pas d'exigences sur ce point—la municipalité peut difficilement s'acquitter, par ses propres moyens, de ses tâches, et elle a constamment recours aux gens de l'extérieur (Québec 1964, 168).

Concerning sewage, the report claimed that there were three thousand septic tanks on the island and that some municipalities, notably Vimont, had to develop elaborate pumping systems for sewage because drainage basins did not correspond to municipal boundaries. In other cases sewage outfalls from one municipality were perilously close to the water intakes of others (Québec 1964, 170). Filtration capacity for water supply was not a problem.

> En regard de la population actuelle de 170,000 personnes, la capacité des usines de filtration peut satisfaire au double de cette population. Il est heureux qu'un tel état de chose existe grâce à l'initiative de certaines municipalités et à l'intervention des autorités provinciales. Considérant les économies de rendement que peuvent réaliser les installations actuelles par un agrandissement éventuel en vue de desservir l'Ile toute entière, nous considérons que l'installation de nouvelles usines de filtration n'est aucunement nécessaire (Québec 1964, 179).

In summary, the commission found an imposing list of weaknesses concerning municipal government on Ile-Jésus:

> déséquilibre de l'assiette foncière due aux modalités de développement, déficits accumulés, proportions alarmantes de la dette, mauvaise utilisation des resources humaines et matérielles, frictions politiques, manque de coordination et de continuité dans l'esprit et dans l'action, l'inexistance et abandon de certaines fonctions, performance incomplète et inadéquate des fonctions (Québec 1964, 181).

It outlined the need for a single authority to capture economies of scale, to make sure that everyone shares the full costs of services they consume, and to make possible island-wide planning. It specifically rejected the establishment of a "supramunicipal" authority imposed on top of the existing municipalities. It pointed to the negative lessons that were to be learned from the *Corporation Interurbaine*, the Montreal Metropolitan Corporation, the Municipality of Metropolitan Toronto, and similar authorities elsewhere (Québec 1964, 187).

The commission's final recommendations are quite confusing. It carefully builds a case for a municipal system made up of six distinct "unités ou zones administratives" to be included within a supramunicipal authority, the governing body of which would be composed of members elected at large throughout the entire island. Local councils of the six units would be elected by wards (Québec 1964, 194). Then it reverses direction and claims that this is a "solution d'avenir" that cannot be implemented immediately. Action on island-wide problems is urgent. But the populations of the six proposed units are far from equal and citizens would have difficulty grasping the complexities of the ideal system. Therefore, in the immediate future, there should be "Une Ville Unique dans l'Ile Jésus (Québec 1964, 200)" to be called "Laval."

> La commission s'oppose au gigantisme. Il est difficile de prévoir quand la Cité de Laval aura atteint cette limite de la ville géante. Tout indique, cependant, qu'elle devra y parvenir et c'est pourquoi la commission accepte, en principe, cette formation future

> d'un Gouvernement Supramunicipal entouré d'unités bien équilibrées devant jouir d'un statut d'autogestion (Québec 1964, 251-2).

In short, the Sylvestre commission proposed that Laval should evolve in exactly the opposite way to what eventually happened in Metro Toronto. Laval should be unified first and converted to a two-tier system at some point in the future.

Six months after the Sylvestre report was completed, the minister of municipal affairs presented legislation to create the city of Laval. He claimed that by 1981 there would be 500,000 people living on Ile-Jésus (Québec 1965, 4128). His justification for the amalgamation followed closely that of the Sylvestre report. But he acknowledged that its proposal to create later a two-tier system was "la partie du rapport que j'accepte le moins; mais la Commission en vient à la conclusion, après son étude, qu'à certains endroits c'est peut-être nécessaire une commission interurbaine (Québec 1965, 4137)." Mr. Laporte pointed out that in elections in seven Ile-Jésus municipalities in May, 1965, pro-amalgamationists mayors were elected in five (Québec 1965, 4139-40). This was no doubt the result of a powerful pro-amalgamation campaign conducted in early 1965 throughout the island by Messrs. Lavoie and Laporte (Québec 1965, 4144).

The main opposition critic was Paul Dozois, a former *Union nationale* minister of municipal affairs. Dozois focussed on the apparent contradiction in the logic of the Sylvestre report: if a two-tier system were the ideal, how could a total merger be a first step toward it? He also pointed out that amalgamation was supported by the municipalities with the highest per capita expenses and opposed by those with the lowest. Surely amalgamation was simply an attempt by the former to offload their financial problems on the latter (Québec 1965, 4149).

During the debate on third reading Mr. Laporte specifically attacked the view that inter-municipal problems could be solved by inter-municipal agreements. He pointed to the inability of the *Corporation* to bring about change.

> [O]n a fait beaucoup de promesses sur la collaboration intermunicipale, mais on a constaté qu'après cinq ans rien n'avait été fait, pas parce que les gens ne voulaient pas agir, parce que leur intérêt, l'intérêt des gens qui nous ont élus va à l'encontre souvent de cette collaboration intermunicipale. On a vu fréquemment, dans les groupes intermunicipaux, des gens se lever pour dire: Je n'ai pas été élu dans la municipalité de X pour imposer des taxes additionnelles à mes citoyens. C'est peut-être pas ce qu'il y a de plus progressif comme administration, mais d'un point de vue humain, c'est drôlement défendable, c'est pour ça, congénitalement, les administrations supra-municipales ne sont que des palliatifs, ça n'est pas une solution au véritable problème que nous avons à régler (Québec 1965, 4475).

The Leader of the Opposition, Daniel Johnson, also spoke on third reading. He pointed out that the government was proposing nothing to implement the Sylvestre commission's recommendation that a separate law be passed to prevent land speculation.

> [S]i le bill était accompagné de clauses empêchant la spéculation sur l'Ile-Jésus, si cette loi contenait les précautions nécessaires pour que le nouveau conseil ne dirige pas le développement dans le sens des intérêts dans lesquels eux ont une participation dans bien des cas, participation avouée publiquement par certains maires dont le député de Chomedey [Mr. Lavoie], je serais peut-être en faveur du bill. Mais sans cette clause

> contre la spéculation, jamais je ne me ferai le complice d'un pareil coup de force, d'un pareil assaut contre la démocratie (Québec 1965, 4573).

Despite a rancorous and extended debate, the bill was finally approved on 6 August 1965. In elections held in November 1965, Mr. Lavoie was defeated in his attempt to become the first mayor of Laval (Meynaud and Léveillée 1973, 204).

The Laval amalgamation is now more than thirty years old. A few points are obvious. First, contrary to recommendations in the Sylvestre report, there has been no serious talk of de-amalgamation. Perhaps this is because the population projections that the Sylvestre commission was working with turned out to be spectacularly wrong. Instead of 500,000 people in 1981, the actual population then turned out to be only about 265,000. Given that the population in 1966 was already 196,000, Laval's growth rate would have had to have been three times greater between 1966 and 1981 to reach the 1981 projected figure! Even by 1996 the population total was only 330,000. But such miscalculations say little about the peculiarities of development in Laval, and nothing about the effects of amalgamation. They relate much more to the wildly optimistic spirit of the mid-1960s. *Horizon 2000*, the City of Montreal's 1967 attempt at a planning document for the whole metropolitan area, projected population for the entire metropolitan area in 2000 to be seven million (Marsan 1981, 332). The actual figure for 1996 was just less than half that number.

Whether Laval is "better planned" than it would have been without amalgamation is exceptionally difficult to judge. An outsider might be impressed that much of Laval, especially in the north and northeast, contains relatively unspoiled agricultural land that is largely devoid of the haphazard strip development often found in an unregulated urban/rural fringe. But this could have more to do with slow growth than with good planning. More likely, it reflects the impact of *provincial* land-use policies, in particular the effects of the Agricultural Land Preservation Act, introduced by the *Parti Québécois* government in 1978. The passage of this legislation went a long way to meet the Sylvestre commission's call for powerful policies to prevent land speculation. Regulations under the act establish permanent agricultural zones in Laval and in all other municipalities containing agricultural land. The zones would have existed whether Laval had been created or not—but this is something the Syvlestre commission and the Liberal government in the 1960s could not know.

More than thirty years after amalgamation, the prior existence of the constituent municipalities has not been forgotten. The old municipal names are everywhere: on businesses, shopping centres, and in the day-to-day language of Laval's own municipal officials. A map of "Ville de Laval" available in municipal offices in 1998 comes complete with the old municipal boundaries carefully noted as "city limits." The territories of each of the fourteen old municipalities are even shaded in different colours. The street index shows the "ex-villes" in which each street is located, probably because some street names (e.g. Saint-Joseph, Saint-Louis) are still duplicated in different parts of the amalgamated city. The survival of the old municipal names and boundaries can, of course, be interpreted in quite different ways. Some will argue that the Laval experience proves that amalgamation does not mean the end of old territorial identities and attachments. Others will claim that Laval remains an artificial behemoth, even thirty years after its creation.

For many, the debate about community identities takes second place to the issue of cost. Much of the apparent recent interest in amalgamation has arisen from the expectation that it will save money—in the long term at least. The problem in assessing such a claim is that we have no idea, in the case of Laval, for example, what costs would have been in the absence of amalgamation. Luckily, however, much of the "south shore" area of Montreal—across the St. Lawrence river from downtown—developed at the same time as Laval and in roughly the same way. In 1965-66 the fourteen municipalities on Ile-Jésus had a total population of 196,088. Their total municipal expenditures were $20,150,955 (Québec 1966, 161). Nine municipalities covering the territory of what is now the *Municipalité régionale de comté* (MRC) *de Champlain*[1] had a population of 160,626 and spent $14,986,152 (Québec 1966, 155 and 165). Per capita municipal spending was $103 and $93 respectively in the two groups of municipalities. By 1996 per capita spending in Laval (1996 population of 330,393) had increased to $1243 and in the (now) six municipalities of MRC Champlain (1996 population of 314,306) to $971 (Québec 1998, B-51 and B-55). In the thirty-year period since Laval's creation, the amount by which municipal spending was higher in Laval than in the south shore increased from 10.7 percent to 21.9 percent. Such numbers tell us nothing about levels of service, but they do suggest that amalgamation does not invariably lead to lower spending levels. In fact, they suggest the opposite.

On the basis of the Sylvestre report, one might have expected Laval to have invested more in environmental infrastructure. Comparing Laval and the south shore in this regard is not easy, because it would be very difficult to document the exact state of the infrastructure as it existed in the mid-1960s. Nevertheless, it is instructive to note that both areas were very slow to build major primary sewage treatment plants. The south-shore plant did not open until 1992. It was a joint project of all the municipalities within MRC Champlain as well as the Town of Boucherville and is managed by the City of Longueuil. In Laval, a similar plant is still under construction. In both cases the Government of Quebec absorbed 90 percent of the cost. One reason for the delay in Laval was that officials in the neighbouring Montreal Urban Community believed Laval could be served more efficiently by its underused plant at the east end of the Island of Montreal. Until Laval convinced the provincial government otherwise, it could not proceed. Once again, this comparison perhaps proves little except that amalgamation does not guarantee infrastructure investment and fragmentation does not prevent it.

Although Laval's growth rate has clearly not lived up to the expectations of the mid-1960s, perhaps amalgamation was a factor in prompting it to be greater than that of the south shore. Between 1966 and 1996 the populations of Laval and the territory now covered by MRC Champlain have grown by 68.5 percent and 94.1 percent respectively.[2] However, the ten-year period of fastest growth on the south shore was in the decade after 1966, when the population increased by 59.6 percent. Such growth was no doubt attributable to the building of the Champlain bridge in the early 1960s and the subway connection to Longueuil for Expo 67. Between 1986 and 1996, the population of Laval grew by 16.2 percent and that of MRC

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[1] Data for MRC Champlain municipalities excludes Préville , which became part of Saint-Lambert in 1966. Its 1966 population was 1299, but no financial information is available.

[2] All population figures derive from the relevant Canadian federal census. These figures include Préville.

Champlain by only 7.3 percent. It seems unlikely that municipal structures had much to do with rates of residential growth.

There remains one important way in which the creation of an amalgamated Laval might have made a difference. Readers of Canada's business press probably know much more about Laval than they do about any municipality in MRC Champlain. This is because in recent years Laval has agressively marketed itself as "Laval Technopole," an hospitable location for new investment of all kinds, especially biomedical industries and agribusiness. Laval even has its own *Parc scientifique et de haute technologie*, nestled among trees and greenery just west of the Laurentian Autoroute. Most of the occupants are pharmaceutical companies. In its northern (undeveloped) part, the park actually straddles the old border between Laval-des-Rapides and Chomedey, suggesting that, without amalgamation, the park would not exist, at least not on the grand scale it does now.

Since the mid-1960s one of the great concerns about Montreal has been the loss of employment opportunities in the central part of the Island of Montreal and the general dispersion of economic activity off the island to the north and south. Although it is unlikely that the creation of Laval had much to do with either starting or strengthening this process, the city of Laval, Quebec's second most populous municipality, is a powerful presence in the metropolitan political arena. If the imperative now is to strengthen the centre, what is the advantage to Quebec as a whole, and the Greater Montreal Area in particular, in having one suburban municipality that is so strong? Had Laval never been created, the subsequent development of arrangements for metropolitan governance in Montreal might well have taken a quite different turn. Whatever hypothetical claims one might wish to make, it is difficult to argue that Laval has led to less expensive municipal government or to a municipal system that was more likely to make major investments in environmental infrastructure.

Chapter 3 - Edmonton

There are 60 census-defined metropolitan regions in North America that are more populous than the census metropolitan area of Edmonton. In none of them (including Toronto with its new "megacity") does the central city have a greater share of the total metropolitan population than in Edmonton, where it is 71.4 percent. By these standards it would appear that metropolitan Edmonton's inter-municipal problems, if they exist, would be minor. But many people in Edmonton would not agree, perhaps because in the less populous prairie metropolitan regions central cities are even more dominant: Calgary, 93.5 percent; Winnipeg, 92.7 percent; Saskatoon, 88.4 percent; and Regina, 93.2 percent. Outside the prairies they could look to the (single-tier) Regional Municipality of Halifax, which contains 103.1 percent of the metropolitan population, Thunder Bay, 90.5 percent; or London, Ontario, 81.7 percent (Statistics Canada, 1997). By these Canadian standards, Edmonton's municipal organization appears relatively fragmented.

Edmonton's inter-municipal conflicts and difficulties have been subjects of considerable study and attention, especially by consultants. Total cost of the city's annexation battle with its neighbours between 1979 and 1981 was more than $7 million (Masson and Lesage 1994, 159-74). When it was over, the city found itself with thousands of hectares of rural land but without much of the developed territory it originally coveted (especially the city of St. Albert and parts of Strathcona county). At the same time the newly-enlarged city found itself the dominant member of the Edmonton Metropolitan Regional Planning Commission (EMPRC), a body charged with developing a plan to prevent undue sprawl beyond the city's new borders. Neither the city of Edmonton nor the outer rural municipalities were especially happy with the EMPRC: the former because the city's political strength on its governing board did not match its population or its financial contribution and the latter because they considered their autonomy unduly restricted. Alberta's Klein government abolished all regional planning commissions in 1994 both as an economy measure and as a means to promote local economic development (Thomas 1998, 307). Since then there have been two attempts at voluntary regional bodies: first the Alberta Capital Region Forum (ACRF) and, now, the Alberta Capital Region Alliance. Until very recently, neither has been able to attract membership from all the municipalities that were once part of the EMPRC.

Although there have been attempts to document the accomplishments of the EMPRC and the ACRF (Thomas 1998 and Dale 1998), much less attention has been paid to how municipalities in the Edmonton region actually interact with each other in the provision of joint services or in sorting out day-to-day land-use problems along municipal borders. Such will be the main concerns of the rest of this section. This discussion will lead to an assessment of current suggestions that the region might be better served by the creation of a single municipality covering the entire metropolitan region.

Perhaps the greatest lasting benefit of the annexation dispute between 1979-81 was that it generated a huge collection of documents relating general issues in metropolitan governance to the particular situation in Edmonton at that time. Especially important for the purposes of this study was the fact that a central issue in dispute involved the relative merits of amalgamation and inter-municipal cooperation. In making its initial proposal for absorbing all of the city of St.

Albert and Strathcona county (as well as parts of other rural jurisdictions), Edmonton presented as one of its reasons "the fact that the City now provides the principal facilities necessary for growth and development throughout the area, e.g. water, sewage, and certain utility services (Edmonton 1979, 11)." The city's entire case was based on the argument that the existence of independent urbanizing suburban municipalities led to all kinds of problems that were resolvable by amalgamation. Nowhere, however, was there any claim that the agreements that were in place between Edmonton and its neighbours somehow did not work. More typical was this assessment from an important paper written by two of the city's major consultants, Lloyd Axworthy and James Lightbody:

> In order to summarize the extent of inter-municipal agreements within the Edmonton area, we observe that there does not exist an extensive multi-functional network of such contracts. Generally the agreements have been on an ad hoc basis for a particular purpose (the wholesaling of water and sewerage) or to meet a specific functional need (for example, the extension of public transportation). Moreover, the pattern of agreements is almost exclusively bi-lateral, between the City of Edmonton which normally establishes the technical standards of the service and the contracting municipality or authority. There exists no overall coordinating agency with the exception of the City's willingness to enter into a given contractural [sic] arrangement. The region has witnessed no cooperative undertaking in major service areas to overcome common problems (1979, 43-4).

The authors were suggesting that the existing arrangements were somehow defective, but they never specified what the practical defects, as they affected the services in question, actually were.

The city's apparent position in relation to inter-municipal agreements was exposed most dramatically at the public hearings conducted by the Local Authorities Board (LAB). Earl Levin, one of the city's planning consultants was being cross-examined about his views on mutual-aid fire agreements:

Q But is it good planning to make an arrangement with your neighbour that if you are in trouble, you can call upon them? Is that good municipal planning?

A I would say no. I would say it is a last resort.... [A] preferable situation would be one in which the autonomy of the local service would be greater than what seems to be the case currently here.

Q Are you suggesting that the municipalities who have entered into these fire protection agreements should expend the monies to keep their fire trucks sitting around rather than entering into an agreement with their neighbour to jointly use existing equipment? Do you think it's better to put the equipment there and let it sit most of the time, or do you think it's better to use an agreement such as is in place now?

A I think again, it's simply a matter of scale. It seems to me obvious that municipalities which are small, and whose resources are limited, obviously can't afford the kind of thing that you are suggesting, but it seems to me also that the utilization of resources of that kind is a function of the scale of the community and, therefore, I come to the conclusion that greater efficiencies are possible as efficiencies of scale (Alberta 1980a, 3240-1).

At one stage in the hearings, the lawyer representing the city of Edmonton acknowledged that the "best account of the arrangements [between the city and the county of Strathcona] is Mr. Feldman's report filed on behalf of the County (Alberta 1980a, 6130)." Indeed, the research done for the county by Lionel Feldman and Katherine Graham contains the most comprehensive Canadian listing ever compiled of agreements between one municipality and its neighbours (Lionel D. Feldman Consulting Ltd. and Institute of Local Government, Queen's University 1980a, 19-31). The conclusions they drew were as follows:

> While the data ... relate only to one municipality.... the extensive nature of the relationships shown indicates a willingness to cooperate for the provision of a variety of services. This is an important characteristic of the system of local governance in the Edmonton region. It indicates both a desire to respond to the increasing pressures caused by growth in the Edmonton area and the pragmatic nature of that response, in the sense that, in some areas, the most efficient response to these pressures can be achieved through joint action (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1980b,17&19).

The most important agreements related to water and sewerage. The city of Edmonton has always been the main owner of significant water- and sewage-treatment facilities in the entire area. All municipalities purchased some of these these services from the city. In Strathcona's case, it resold Edmonton's water to two different water boards (Northeast and Strathcona-Leduc), both of which served parts of Strathcona and adjoining municipalities. In the hamlet of Sherwood Park within Strathcona county, a private company, Calgary Power, operated the system by which the water purchased from Edmonton was distributed directly to residents without the intervention of a separate board (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1980a, 34). For sewerage, with the exception of one industry which treated its own sewage, Strathcona piped its liquid waste to two separate facilities owned and operated by the city of Edmonton (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1980a, 37-8).

Another consultants' report commissioned by Strathcona outlined some major difficulties:

> This arrangement, which essentially calls for the sale of water supply and sewage treatment from a single vendor, the City of Edmonton, to a variety of different parties (individual municipalities or Joint Water Boards) has worked reasonably well to achieve the present level of growth and distribution of development in the area, but is clearly no longer suitable, for at least two important reasons. The first is that it may no longer be suitable to support through individual municipal efforts the scale of front-end capital investment which is required to accommodate future growth. Furthermore, as has been demonstrated in many other places and is already evident in the Edmonton situation, these kinds of inter-municipal arrangements cannot effectively ensure expansion of supply to the customers' requirements. It is simply not possible to commit the supplier to a long term expansion of a secure supply through the conventional inter-municipal bargaining process (Comay Planning Consultants Ltd. – Llewelyn-Davies Weeks Canada Ltd. 1978, 64).

It was presumably for these reasons that Strathcona ended up recommending the establishment of an Area Planning and Servicing Agency (APSA) that would have direct responsibility for

regional planning, wholesale water supply, sewage treatment, and solid-waste management. The obvious problem with this plan was that it involved the city having only five councillors on the 15-member governing board (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1979,18). Strathcona's consultants tried to work around this by pointing out that the province "would remain preeminent as the source of capital funds for essential municipal services" and by acknowledging that the city's ownership of existing facilities should be treated as a special case, "notwithstanding the fact that they were designed to operate at a profit for the City (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1980b,149)."

> Specifically, provision should be made for the City of Edmonton to retain direct control over its wholesale water facilities and basic sewerage treatment plants. According to this approach, the City could wholesale any such existing services to APSA for the use of other municipalities in the region.
>
> This approach, however, would only be viable if the retention of existing wholesale facilities ... is treated as a "grandfather clause" in APSA legislation. Therefore, it would be APSA, and not the City of Edmonton, which would plan and implement the expansion of existing facilities or any new facilities in the region related to the wholesaling of water, sewage treatment and solid waste disposal (Lionel D. Feldman Consulting Ltd. and Institute of Local Government Queen's University 1980b,150).

Such a proposal effectively meant that Edmonton would get to keep existing profits but would lose control over future outward expansion. It would have to rely on the province to prevent the outlying municipalities from using the city's original infrastructure in future competition for economic development.

In its final "written rebuttal" to the LAB, the city of Edmonton commented on the proclivity of Strathcona to contract out its major services, going so far as to suggest that Strathcona "is not a government, but a contract services plan (Edmonton 1980, 25)." This, of course, was intended in 1980 as serious adverse criticism. Two decades later, anyone who believes in contemporary public-management nostrums, would recognize it as high praise (Osborne & Gaebler 1992).

In its decision, the LAB largely accepted the city's case. As far as water-supply and sewerage were concerned, it took the position that, since "the North Saskatchewan River is the essential beginning and end of the water and sewage system" for the whole region, "it would therefore seem a natural conclusion that the area would best be served by a single jurisdiction having control of both water and sewage (Alberta 1980b,139)." In 1981, the provincial government overturned the LAB decision. Although Edmonton was granted much new land, most of Strathcona county and all of St. Albert remained outside its jurisdiction. Its decision, however, seemed much more influenced by strong protests in the affected residential suburbs than by any careful assessment of the arguments presented to the LAB (Lightbody 1983, 278).

Since the 1981 annexation, the EMPRC has been created and abolished. There have been some relatively minor municipal boundary adjustments. Legislation has been put in place for the creation of regional services commissions. These organizations now provide water and sewerage services in suburban municipalities outside the city of Edmonton. Nevertheless, the city continues to act as the main wholesaler. Its capacity to do so was greatly aided by capital subsidies from the province amounting to 90 percent of total costs. The province also provided

90-percent funding for a new sewage-treatment plant to the northeast of the city's boundaries that is owned and operated by the Capital Region Sewage Commission, of which the city is not a member. For more than a decade, however, sewage from the northeast section of the city has treated in this non-city plant. In return, the city treats sewage from its neighbours to the south at its Goldbar plant (*Edmonton Journal* 28 September 1998).

This cooperative system apparently works quite well, in part because there is considerable over-capacity. In other words, the problem that worried Strathcona-county officials during the annexation debate—how to avoid having the county's future development held hostage by the city's control over infrastructure expansion—was effectively solved for the foreseeable future by massive *provincial* funding of regional infrastructure. This conclusion would appear to be confirmed by the fact that, between 1991 and 1996, the population of the city of Edmonton *decreased* by 0.1 percent while the population of the census metropolitan area of Edmonton outside the city *increased* by 9.8 percent (Statistics Canada, 1997).

Perhaps it is precisely because of such figures that the annexation issue has recently re-emerged. Editorial-writers for the *Edmonton Journal* (30 December 1996), Councillor Robert Noce of the City of Edmonton, and Professor James Lightbody of the University of Alberta have all suggested that the capital region would benefit from further municipal consolidation in some form or other. In 1997 Noce asked the Alberta minister of municipal affairs to launch a study of the matter (*Edmonton Journal* 18 July 1997) but her response was that any such initiative would have to come from the municipalities themselves (*Edmonton Journal* 22 July 1997).

Lightbody has written two related articles (1998a and 1998b) purportedly showing that municipal government is more expensive in "fragmented" Edmonton than in consolidated Calgary. The first was published by the Western Centre for Economic Research in January 1998. The second—which presents virtually the same data as the first—appeared in the June 1998 issue of the *Canadian Journal of Urban Research*. Both articles show that "municipal councillor costs" and "municipal legislative operations costs" are higher on a per capita basis in the Edmonton census metropolitan area than in the Calgary. Total municipal costs per capita in 1996 were reported as $1443.77 in Calgary and $1448.78 in Edmonton. Both articles claim that municipal structural arrangements in Edmonton have disadvantaged Edmonton in relation to Calgary with respect to economic development, but there is no description or analysis of how municipal involvement in economic development actually works in the two metropolitan areas. Lightbody is unimpressed by the existence of the Alberta Capital Region Alliance (ACRA) and its predecessor, the Regional Forum. He considers such voluntary bodies, and the inter-municipal agreements they promote, as being quite incapable of providing the kind of strong government for metropolitan Edmonton that he considers necessary.

Whatever its weaknesses, ACRA does act as a place where municipal leaders can meet and work out mechanisms for increased cooperation. In late 1998 it produced data relating to inter-municipal agreements among 18 separate municipalities within the Edmonton region. Because of different reporting and definitional practices in each unit, it is impossible to summarize the information in a meaningful quantified form. However, listed below are examples of some of the hundreds of agreements that exist:

1. Edmonton allows Strathcona to connect to its sewer system.
2. Edmonton treats some of Strathcona's sewage.

3. Until 17 September 2018, Edmonton and Strathcona jointly own and operate the Clover Bar Wastewater Transfer Station.
4. Until the Clover Bar Landfill site is full, Edmonton allows Strathcona to dispose of its solid waste at a per tonne fee equivalent to the city's operational costs.
5. Since 1979, Edmonton has provided rain-gauge services for Strathcona.
6. Edmonton provides water to Morinville, Strathcona, St. Albert, Parkland, and the Northeast Water Commission.
7. Edmonton operates its transit service within St. Albert and Strathcona.
8. Edmonton provides various fleet safety and/or maintenance services to Strathcona, Fort Saskatchewan, St. Albert and Beaumont.
9. Strathcona provides 9-1-1 answering service for more than 41 different municipalities.
10. Strathcona provides by-law enforcement and arena-management services to Bruderheim.
11. Strathcona provides mowing services to Edmonton for rural roads.
12. Edmonton prints tax notices for St. Albert.
13. St. Albert shares a glass-crusher with four other municipalities.
14. St. Albert provides transit services for Morinville.
15. Virtually all municipalities had some form of fire-protection agreement with one or more of their neighbours

What are we to make of all this? Calgary's municipal organization is more consolidated than Edmonton's; Calgary's economy is healthier. Is there a connection? Professor Lightbody suggests there might be (*Edmonton Journal* 21 January 1998), because Edmonton has no "unified plan" to promote economic growth. But no one has suggested that infrastructure deficiencies in Edmonton are a problem, or that its municipal taxation levels are uncompetitive. No one has claimed that the city of Edmonton is lacking land for future industrial, commercial, and residential growth. Even if unified plans for metropolitan economic development actually make a difference – which is doubtful (Kitchen 1985) – there is no reason why the new Alberta Capital Region Alliance cannot produce as effective a plan as any regional or consolidated municipal government.

In December 1998 the Alberta minister of municipal affairs appointed the former provincial treasurer, Lou Hyndman, as "project chair" of the Alberta Capital Region Governance Review. There were no published terms of reference, except these words from the minister:

> We need to take a broader, more comprehensive view of what the region can become and how it can position itself to be a force to contend with in this country and globally. Let me say right up front that it's not on my agenda to impose any preconceived solutions or vision in response to the issues and problems of governance that we face in this region. My commitment is to make this a made in-the-region, made-in-Alberta model. The status quo is not acceptable (http://www.acrgr.org/review_index.cfm).

One of Mr. Hyndman's first public statements was that the options facing him do not include a megacity or regional government. He was quoted as saying that "My sense is that the taxpayers don't want a whole new level of government. But there is a feeling that the status quo won't do either (*Edmonton Journal* 9 December 1998)."

By North American (if not Canadian prairie) standards, municipal organization in Edmonton is already remarkably consolidated. If consolidation were the cause of Calgary's recent economic success, how does one explain the relative absence of growth in consolidated Winnipeg? Edmontonians have much to worry about as they contemplate the future of their metropolitan area, especially if they continue to consider Calgary as their main benchmark. As they search for solutions, it is not surprising that they consider some form of further municipal consolidation. But, if they cast their gaze beyond Calgary, they will see that such a course of action has rarely lived up to expectations. Residents of metropolitan Edmonton can be pleased that they have built ample capacity for municipal infrastructure and that their municipalities cooperate with each other across a wide range of functions and services. This is the real story about municipal organization in Edmonton.

Chapter 4 - Cape Breton

The former county of Cape Breton, commonly known as "industrial Cape Breton" was one of four counties located on Cape Breton Island in Nova Scotia. It territory comprised eight municipal units: one city (Sydney), six towns (New Waterford, Sydney Mines, Dominion, Louisbourg, Glace Bay, and North Sydney) and one rural municipality (the county itself). In 1991 the population of the county was about 120,000, nearly 75 percent of the population of Cape Breton and over 13 percent of the population of Nova Scotia.

It is extraordinary that only a few of the boundaries of the municipal units in the county of Cape Breton were changed since their incorporation. As a result, spillover of population from the towns into the county meant that, prior to amalgamation, the county had the largest population (48,000) of all the eight units. Despite numerous examples of inter-municipal difficulties—some of which will be reported as we describe the findings of various studies concerning municipal government in Cape Breton—there was considerable inter-municipal cooperation in the area, examples of which are listed below.

1. The towns of North Sydney and Sydney Mines cooperated in operating the Northside Industrial Park, that managed development of industry in the area.
2. Public transit service was provided by a transit authority agency to seven of the eight municipal units. Operating subsidies or deficit sharing was based on the number of customers in areas serviced by the authority in each of the municipal units. The Town of Louisbourg did not receive the service.
3. The Cape Breton Joint Expenditure Board (Jointex) was responsible for operation of the Regional Correctional Center, Braemore Home (a Home for Special Care), regional tourism efforts and harbour ports.
4. Land use planning service was provided on a regional basis to all eight units in Cape Breton County by the Cape Breton Regional Planing Commission. The commission was governed by municipal elected officials and it employed its own staff to provide planning advice, building inspection and development administration services. The service was funded through Jointex.
5. Garbage disposal services, via incineration, was provided by the Municipality of the County of Cape Breton to all municipal units with the exception of the city of Sydney. The county municipality operated the incineration and sold the services to the municipal units on a per tonne basis.
6. There were several mutual aid agreements for fire service among the eight municipal units. Cooperation in the use of equipment, vehicles and firefighters was common in the region. It was understood that any fire fighting resource could be used in any area of the County as it became necessary.
7. In 1994, under Jointex, the Cape Breton Economic Development Authority was formed.
8. Several towns and the city of Sydney provided water services to areas in the county municipality. These arrangements were ad hoc in nature and the water utility normally billed the user directly. The town of New Waterford's water commission membership included county representatives.
9. Sewage collection and discharge was shared among some municipalities. There was no

sewage treatment in the entire county. The wastewater was discharged directly into waterways and the harbour.

10. Municipal responsibility for social and public housing services was provided cooperatively for all units through the Cape Breton Regional Housing Authority. The Authority was responsible to manage and operate all public housing developments built jointly by Nova Scotia, Canada and the municipalities.

There are a number of significant features of the demographic history of this area:

- The total population of the county has been declining since 1961. In fact, the 1991 population was lower than the 1951 population.
- The population in the city of Sydney and the six towns declined by 20 percent since 1961, while the population of the county municipality had increased for the past 60 years.
- The population in the urban areas of the county municipality has been declining, while the rural areas of the Municipality have been increasing.
- Since 1961, there has been a 50 percent decline in the number of children, while the number of senior citizens has increased by 75 percent.
- Out-migration due to the declining economy has been mainly responsible for the population decline.
- The annual number of births has decreased by approximately 50 percent since 1961 (Nova Scotia 1993).

The economy of industrial Cape Breton has traditionally been based on the steel and coal industries. In fact, the settlement patterns of the county are directly related to the dependence on the mines and the habit of settling around what is known as the pit heads. Both industries have significantly declined over the past several years.

The same analysis of the economy was reported in 1968 in a report *Local Government in the Changing Economy of Industrial Cape Breton* (commonly called the Finnis report). "The economy of Cape Breton is dependent to a very large degree on the coal and steel industries, which account for about 1/3 of the area's total employment and constitute the base activity which support the other sectors of the area's employment (St. Francis Xavier University 1968)." The Finnis report went on to state that a continuing reduction in the coal, steel and stevedoring activities will have a major negative impact on the economy of the region.

That report contained the same warnings to the local governments as does the 1993 Campbell report, a quarter of a century later. The Finnis Report, contained a review of the existing local government structure, the economic capacity of the region, physical development patterns, and the planning issues faced by the region. It also made several recommendations relating to governance:

1. That there be one government for the whole region with representatives elected from four electoral districts having a total of 24 wards.
2. That boundaries of the 24 wards be determined by the Board of Commissioners of Public Utilities under the authority of existing legislation.
3. That council be composed of 24 councillors elected by ward and a mayor elected at large, for a three-year term, and that a deputy mayor be selected annually by the council from among their own members.
4. That Council be divided into four local communities, one for each of the electoral

districts.

5. That there be an executive body chaired by the mayor of the Cape Breton Regional County Council and that its members be composed of the four chairmen of the local committees and four appointed commissioners.
6. That special purpose bodies be limited to four.
7. That there be one school board responsible for education in the region.
8. That a committee be struck to implement the recommended new form of government by 1 January 1970.

The report also recommended a new form of funding and delivery of local services between the province and the new regional council. It concluded with a number of recommendations regarding current personnel, assessment and taxation, a new civic center, promotion of tourism and a feasibility study for harbour development. Despite the report's many strengths, no action was taken.

In 1974, John Graham, as part of his massive study of municipalities, school boards, and government services in Nova Scotia recommended the dissolution of seven of the eight units (the exception was Louisbourg), and the formation of one regional government (Nova Scotia 1974). Once again, no action was taken.

In May 1985, Jointex directed that a task force be formed from among the senior administrators of the county, city and towns to review the Graham and Finnis reports and to recommend a suitable municipal structure for industrial Cape Breton. The report, presented in December 1985, was accompanied by the signatures of the administrators and a representative of the department of municipal affairs. The authors noted that one of the purposes of the report was

> to bring to a satisfactory conclusion the continuing debate about local government reform, in particular, the misconception of the term 'Regional Government'. In addition, the report is a sincere attempt to recommend a local government structure necessary to meet the needs of an ever changing society for the foreseeable future (Cape Breton Joint Expenditure Board 1985).

The report was critical of the fragmentation caused by the creation of several special purpose bodies, including Jointex. The authors also noted in the report that "if there is any radical change in the known form of local government, it should be a process of evolution rather than one of imposition." The report went on to emphasize the importance of the human element in any local government restructuring. In fact, the report was unusually strong on this point, both from the point of view of the taxpayer and the staff. Curiously enough, however, the report concludes that "since 1907, Industrial Cape Breton has had, conceptually, an effective local government structure," but one that still cannot deliver the "goods." Contrary to Finnis and Graham, the administrators recommended a refinement of the current arrangements, such that a two-tier system would be created. The report insightfully noted that "no form of restructuring will ever surmount the economic ills of industrial Cape Breton and, therefore, any thoughts along this vein, will not be realized overnight (Cape Breton Joint Expenditure Board 1985)."

Responses to the report appeared quickly. In a letter to the chairman of Jointex, Joe Wadden, the town council of New Waterford agreed with the two-tier proposal, but was adamant that the incorporation of Jointex was not acceptable. Rather, the town would have supported the

formation of a regional government and of a local steering committee to produce specific recommendations. However, recognizing the delays involved in this process, the town announced that it would be proceeding with annexation of lands in the county municipality as a means of assuring its own financial viability. The Municipality of the County of Cape Breton responded in January 1986. It took exception to the "fallacy" that migration of people from urban centres to rural centres is due to differing tax bills. The county claimed that such moves were a result of its quality of life, not its tax levels. The county municipality argued that the community could not sustain the level of restructuring recommended in the report and that such action would not contribute to the economic development of the region (Municipality of the County of Cape Breton 1986).

Despite much local debate, no action was taken. In September, 1987, acting on a further request from municipal leaders in Cape Breton county, municipal affairs minister David Nantes appointed family-court judge Darryl Wilson to head a study on how the eight municipalities in industrial Cape Breton could improve the delivery of services through increased cooperation (*Cape Breton Post*, 14 September 1987). Judge Wilson's background was in chartered accountancy and law; he had also formerly served on the Nova Scotia Municipal Board. Mr. Nantes noted that since the initiative came from locally elected people, it would be a joint venture and not one imposed from outside. Other members of the study team were the seven mayors and warden of the county.

In a letter to Mr. Wadden, now warden of Cape Breton county, on 26 October 1987, Judge Wilson emphasized the four-fold mandate of The Local Government Reform Committee:

1. foster municipal cooperation;
2. review the future economic and social implications of delivering municipal services to the people of Cape Breton;
3. examine areas of possible reform; and
4. develop terms of reference through consultation with the Joint Board and myself.

He pointed out that Cape Breton has created an opportunity to make provincial, if not national, history, and called on Warden Wadden for his personal support to this initiative.

A position paper prepared by Judge Wilson's committee, dated April 1989, recommended "that the Minister of Municipal Affairs initiate legislation establishing a regional authority capable of delivering services, efficiently and effectively, to the inhabitants of the geographic area of the county of Cape Breton (Cape Breton Joint Expenditure Board 1989)." The paper was completed nineteen months following Wilson's appointment. The delay in completing the report, which was due June 1988, was caused by a report on a new proposal for cost sharing of social services between the municipalities and the province, an issue which required several months of negotiations with the provincial government.

The committee came to the unanimous conclusion "that a house cannot be built without blueprints and resources (Cape Breton Joint Expenditure Board 1989)" and recommended the creation of one regional authority to consolidate all existing regional services. The paper did not, however, recommend the dissolution of the eight municipal units, nor any rationalization of political boundaries. In effect, its report called for the creation of a second tier of municipal government in the region. In its final submission to the minister of municipal affairs, in May 1990, the committee outlined the details of its recommended regional authority, including

membership, finances, services and organizational structure (Cape Breton Joint Expenditure Board 1990). As a result, the minister began drafting legislation.

Action for Cape Breton was superseded by the work of a province-wide Task Force on Local Government that presented its report to the Province of Nova Scotia in April 1992. The task force, appointed in December 1991, had as its mandate "to develop a strategy that will lead to the design and implementation of an appropriate form of local government for Nova Scotia, in accord with the existing settlement patterns that balances the concepts of economic and service delivery efficiency with those of accountability and accessibility (Nova Scotia 1992)." The membership of the task force was composed of elected and appointed municipal officials and representatives of the Department of Municipal Affairs, including the deputy minister, Ann Janega, who was the chair.

The task force spent a significant amount of effort in expounding the principles of local government, the role and purpose of local government, as well as the provincial interest in municipal reform. The report introduced new categories for public services—local and universal—in an attempt to delineate the responsibility for delivery and funding of services between the provincial and local governments.

The task force recommended major changes in the delivery and fiscal responsibility for social services, police, roads and administration of justice. Major shifts of costs resulted from an attempt to make the final financial impact "revenue neutral," that is, that the net costs for the shifts in service responsibility would require no new money from either level of government.

The portion of the report which affected Cape Breton County was the recommendation to restructure municipal boundaries. The task force report was critical of the complexity of the present structure of local government, in that the public had little knowledge who was responsible for what services. Financial and administrative duplication was occurring throughout the system and the number of special purpose bodies further limited accountability and tended to fragment the decision-making system.

The report identified problem situations relating to boundaries in the following way:

- areas with a number of municipal units in one settlement pattern, including situations where a number of towns abut each other, with no current reason for distinction between one and the other;
- areas where substantial urbanized settlement occurred on the boundaries of a city or town, requiring at least two municipal units to provide services to one community;
- towns which do not have the resources to support their administrations; and
- areas where the main economic base is situated in one unit and the population that work there is in another.

The report concluded that, based on these situations, there were a number of critical geographic areas where a resolution of the situation required substantial restructuring and where a large portion of the population was affected. The task force recognized that "while the provable savings from restructuring tend to be small, the creation of more effective municipal governments that do not have to devote a major portion of their resources to squabbling with their neighbours has the potential to create major savings since sound expenditure decisions based on the requirements of the whole community are more likely (Nova Scotia 1992)." Cape

Breton county was considered by the task force to be an area with a critical problem. For such areas the task force recommended a single-tier form of regional government.

While all this was going on, Jointex asked local administrators within its own municipal units to prepare an alternative restructuring plan based on a two-tier system of municipal government, presumably on the grounds that the municipalities would not agree to boundary changes. The administrators concluded in early 1993 that a two-tier system of municipal government was not a realistic option, that the region should assess the viability of the eight municipal units, and that the region should determine the probable service impact and cost ramifications of a unitary government. So, one could conclude that, even after being instructed to prepare a report supporting the concept of two-tier government, the administrators were not confident that it would be the best scenario of local government. They even went as far as recommending that the region examine in detail the issues associated with unitary government, as recommended by the Task Force in 1992 (Cape Breton Joint Expenditure Board 1993). Jointex, not surprisingly, took no action on its administrators' rebellious report.

Premier Donald Cameron announced on 10 December 1992 that the Government of Nova Scotia would implement the essential recommendations contained in the report of the provincial task force for service reallocation and municipal restructuring. He appointed Charles A. Campbell as commissioner on January 8, 1993 to prepare a report on how to implement unitary government in Cape Breton county. Campbell had extensive municipal consulting experience in engineering, finance and planning. He was engineering consultant for the Finnis report and employed by the city of Sydney for eight years in the late 1950s and early 1960s.

The terms of reference for the commissioner were very clear. They included six main objectives:

1. To examine and report on all matters required to ensure that the appropriate service exchange and the reform of local government can be established in the region—effective following the municipal election of October 1994.
2. File the initial report within six months re: the size of the Council and boundaries, and file a complete report no later than 1 September 1993.[3]
3. Assume the new structure will replace all form of local government in the region and make recommendations for a new Regional Municipalities Act which would provide the legislative framework for incorporating a new local government.
4. The Commissioner will consult broadly with the public through public meetings, with all forms of local government to be restructured, staff and members of boards and commissions.
5. Specific recommendations will be made concerning the transfer of services from one level of government to another, the supplementary funding issue, integration of all forms of local government, the areas in which community councils or committees ought to be established, transitional taxation structures, size of councils and polling districts, definition of local roads, continuity of financial obligations of the present municipal units, allowances for differences in financial health of municipal units and other matters.
6. In forming recommendations, the commissioner will have regard to:

[3] Later the provincial government requested the final report within six months.

1. ensuring the maintenance of community identity
2. suitability, need and constraints to municipal servicing
3. community of interest
4. the existing distribution of municipal authority in the region
5. access of people to elected and appointed officials
6. representation in accordance with the distribution of population
7. area and density of population
8. growth potential
9. cultural and linguistic issues (Nova Scotia, 1993).

The commissioner reported frequently to the cabinet committee on municipal reform. Campbell also conferred frequently with William Hayward, commissioner for the Halifax metropolitan region, as they both worked with basically the same terms of reference for their respective regions of the province. Campbell was also assisted during this period of time by Tom LeBlanc, a municipal advisor with the department of municipal affairs, who provided the main technical support.

In agreeing that unitary government was the appropriate structure of municipal government in Cape Breton county (Nova Scotia 1993, 35), Campbell was critical of the large number (approximately 90 listed in his report) of special purpose bodies—including Jointex—which were involved in service-provision within the region. He stated that these bodies had an uneven record of success in achieving their intended purpose and that they would not be missed within a unitary government.

The Campbell report was being prepared during the 1993 provincial election campaign. John Savage, leader of the opposition Liberal Party, campaigned against Premier Cameron's amalgamation plans. Although the Liberals won, it does not appear that the election impacted on the amalgamation decision. Campbell presented his report to Sandy Jolly, the new minister of municipal affairs in July 1993, only six months from the date of his initial appointment. It was made available to the public through a letter from Jolly in August 1993, in which she stated that the report's "assumptions are not necessarily the direction which will be adopted by the current Government (Nova Scotia 1993)." Municipal officials were again wondering what the position of the provincial government would be.

Charles Campbell was requested by Premier Savage not to hold any public meeting regarding the report following the election. As the debate among elected municipal officials and provincial MLA's heated up, the chief administrative officer for the county municipality, Jerry Ryan, went public with his professional opinions on the issue. Unusual as this is for a senior administrator to publicly state an opinion relative to a controversial major municipal issue, Ryan spoke to the Rotary Club of New Waterford. Ryan's contribution to the debate, supportive of amalgamation, was important to the community.

By October 1993, even though the provincial government had not decided to accept the Campbell report, the eight municipal units had clearly stated their positions relative to the report, which were summarized in a memo to Premier Savage from Ed Cramm, deputy minister of municipal affairs. The city of Sydney passed a resolution requesting that the report be implemented. The town of Sydney Mines did not agree with regional government or restructuring boundaries, fearing loss of community identity, lack of accessibility to municipal

officials, timing of the implementation, and staff employment losses. The town of Dominion requested more time for public consultation. The town of New Waterford adamantly opposed forced amalgamation and agreed with Dominion's consultative approach and would have preferred that Jointex develop a structure for the region. Cape Breton county preferred that its boundaries not be altered and opted instead for a regional service-delivery structure, but stated that it would reluctantly support a regional government if all other structural options were not viable. Warden John Coady expressed concern that strong negative reaction may be expressed to Campbell's "Robin Hood" suggestion of having the more wealthy municipal units give to the less fortunate municipal units (*Cape Breton Post*, 23 August 1993).

Perhaps the most vociferous opposition came from the Town of Louisbourg. The council declared that it was not convinced that unitary government would be the correct form of government for Cape Breton county. It would have preferred to remain outside the new region, and indicated that annexation of the lands in the county municipality on which Fortress Louisbourg was located, or sharing with the county grants in lieu of taxes on the property, would assist in ensuring the town's survival.

Cramm also indicated in his letter to the Premier, just eight days prior to the government's announcement that unitary government would proceed, that since the release of the task-force report in 1992, some of the eight municipal units were experiencing additional financial problems because of the announcement of lower operating and emergency grants from the province, reduced grants in lieu of taxes from crown corporations, and significant reductions in the assessment of the National Sea fish plant in Louisbourg. For example, the town of New Waterford would be facing a 30 percent tax increase to balance its budget due to reduced grants-in-lieu of taxes deriving from the facilities of the Cape Breton Development Corporation (Devco).

Undaunted by the discussions surrounding unitary government, on 7 April 1994, the Sydney city council passed a resolution to annex a portion of the county municipality containing valuable commercial assessment. Mayor Vince MacLean, in an interview with the editorial board of the *Cape Breton Post* stated that, if there was no cooperation on municipal reform, Sydney was prepared to annex some revenue-rich county real estate. He stated that "my thrust is to stop Sydney from declining." At that same time, the city was preparing for a hearing before the Utility and Review Board for a reduction in the number of aldermen from 12 to 6 to show that it was prepared to downsize to assist its fiscal situation.

Sandy Jolly announced on 5 May 1994, nine months after the release of the Campbell Report, the government's plan to implement unitary government in Cape Breton County, the first such regional government in the history of Nova Scotia. She pointed to two additional recent events which necessitated the government's move—the major reductions in Devco transfer payments which negatively affected the fiscal position of a number of municipalities and the recent move by to annex portions of the county municipality. The new structure was to come into effect June 1, 1995 (Nova Scotia 1994a).

The minister also announced the appointment of Charles Campbell as coordinator to implement the new government and to establish its internal structure. He began the task immediately. Assisted by officials in municipal affairs, his major initial tasks were to meet immediately with the elected and senior appointed officials in the eight units, to put in place an

administrative structure to assist in the implementation, to prepare for the municipal elections in May 1995, to carry out a public information program and to complete the legislation to legalize the effect of the government's announcement. Campbell's research, contacts and meetings during the period preceding his original report provided to him a sense of the staff expertise available, useful for selection of the senior officials who would be recruited for the new regional government.

On 30 June 1994 legislation creating the Cape Breton Regional Municipality was passed by the Nova Scotia legislature, but not without some strong opposition from the town of Louisbourg. In its presentation to the law amendments committee, prior to the passing of the bill, the town stated "the best of the Nova Scotia heritage comes from small communities where there is a lot of volunteer activity, a genuine sense of community, and local self government that organizes and focuses both the public services and the community's relation to the world outside (Louisbourg 1994)." The town commented that "local government is about local choice, about the right of communities to go different routes as long as they don't deny the rights of others; it's about diversity and pluralism which are key strengths of our democracy." The town supported its position by indicating its geographic separation from Sydney, its limited representation on the new council, the culture of the town, the lack of prior consultation and the view that fiscal outcomes would certainly not be in the best interest of its residents. Letters of support for the town's position were also forwarded to the Minister by the Louisbourg Heritage Society, the harbour committee, the fire department, the former mayor and junior- high school students. In one letter from a resident, dated May 1994, he stated "Next year is the year to celebrate the 250th anniversary of the first siege of Louisbourg. Instead it looks like we will be fighting the third siege. I guarantee you that Louisbourg will not fall without a vigorous fight." In a plebiscite held in the Town, 478 citizens out of 570 who voted, voted to support remaining outside the amalgamation. The provincial government did not alter its position, and Louisbourg became part of the new regional municipality.

Campbell requested the deputy minister of municipal affairs and the Chief Administrative Officer (CAO) of Halifax county to assist in the recruitment of a CAO for the new amalgamated municipality. The successful candidate was Jerry Ryan, former CAO of Cape Breton county. Ryan and Campbell then recruited the remaining senior officials to begin the implementation process. The incorporation legislation was written to provide the opportunity for qualified officials from the eight municipal units to receive preferential consideration over candidates from outside those units.

All the evidence is that Ryan's positive leadership was critical to the success of implementing the new regional government. As a method to building the team of 16 managers, it was decided that the new administration would adopt, as their blue print of developing systems, the contemporary philosophies of creating community ownership of government and citizen empowerment contained in the book *Reinventing Government* (Osborne and Gaebler 1992). Management meeting minutes reveal that some managers attended seminars by the authors and were required to report on the contents of the book to the management committee.

Preparation for the first regional election required the drawing of boundaries for polling districts (wards). Campbell was required under the statute to submit his plan to the Utility and Review Board. He suggested 20 districts, all with roughly equal populations. The board

eventually directed the Campbell to file a revised application which would divide one of the proposed districts into two, thereby increasing the number to 21. Campbell did not comply with this specific direction, but made other amendments to districts 1 and 2 to increase rural representation beyond the original guideline that all district populations should be within ten percent of the average. The board approved this plan but stated that it was a "special circumstance and one that is not engraved in stone (Nova Scotia 1994b)."

A number of implementation issues that occurred in the period between October 1994 and August 1995 are worthy of recording in this research. It is clear from the documentation in the offices of the new regional government that great emphasis was placed on project planning for the implementation.

One of the major issues confronting the new region was the labour situation. Staff in the eight municipal units were regulated by 28 collective agreements. The strategy of openness that was adopted by management was criticized continually by unions as evidenced by letters from union representatives to the CAO. Delays caused by the Nova Scotia Labour Relations Board in obtaining definite decisions on crucial issues caused delays in staff appointments and job competitions. Decisions were made regarding which union would represent staff. The amalgamation of collective agreements is only now being finalized as contracts are renewed. Wage rates were set resulting in increases and decreases for numerous current positions and newly created positions. It was not until 1 August 1995 that a number of staff knew their official employment relationship with the new region.

The organizational structure recommended by the Campbell report formed the foundation for the new regional government, but modifications were made later to address new issues and organizational requirements. Records show that staff apprehension caused by loss of jobs and stress created by the implementation workload reached a feverish state during these difficult transition months, especially during the summer of 1995, as the dissolution of the eight municipal units occurred.

Financial issues highlighted this amalgamation process. The issues could be categorized into four topics: (1) the accumulated deficits of the eight municipal units as at 31 March 1995; (2) the excess of expenditures over revenues incurred by the eight municipal units for the four-month period 1 April 1995 to 1 August 1995; (3) the impact of provincial/municipal service exchange announced by the government of Nova Scotia; and (4) the public's reliance on the financial forecast contained in the Campbell report which stated that "the net direct financial impact of municipal reform on the municipal units in Cape Breton county, and their taxpayers, is therefore, savings of at least $13.8 million annually (Nova Scotia 1993a, 91)" Each of these topics will be discussed in turn.

1. The accumulated deficits of the eight units as of 31 March 1995 totaled $2,967,577 as reported in the 1995-96 *Proposed Operating Budget of Cape Breton Regional Municipality*. It was stated several times in letters from the department of municipal affairs that any accumulated deficit of any municipal unit would be recovered by an area rate on the particular municipal unit which accumulated the deficit. Because this is an issue in any amalgamation, the provincial government made an early decision to placate the citizens of the former fiscally well-off units by advising the coordinator to plan for this eventuality. However, the regional municipality decided not to implement such area

rates, and the accumulated deficits were included in the general tax rates of the region. The rationale for this decision was to promote regional cooperation from the outset, rather than to perpetuate the old municipal boundaries.

2. The decision by the province to delay the official launch from 1 April to 1 August did not help the fiscal situation of the new region. Implementing a new government in the middle of a fiscal year was not prudent, as can be noted from the financial results during the period 1 April to 1 August 1995. Budgets were established under the coordinator's authority for the four months and it was obvious that some of the eight municipal units were not financially accountable during that period, resulting in accumulated deficits of $4,510,793, excluding a further requirement to adjust asset value allowances by $3,032,387. It was obvious from the results that municipal units were not going to leave any financial legacy to the new regional government and, in fact, the units overspent revenues by $4.5 million in four months.
3. The Campbell report also estimated that the reallocation of services between the province and the municipalities, pursuant to the 1995 province wide initiative, would result in further annual savings of $7.3 million after the loss of any emergency funding to the units. This calculation was made prior to the official announcement regarding service exchange. The actual result was a loss of $5.0 million to the region.
4. The financial estimates contained in the Campbell report in 1993 were drastically and negatively affected by the final service exchange deal that the province and the municipalities agreed upon effective 1 April 1995. The public was told in several meetings and through various media sources that the data in the Campbell report had been prepared prior to the service exchange and that the annual savings of $13.8 million quoted in the report were unattainable. The $13.8 million annual savings consisted of two parts—the amalgamation would save $6.5 million, and the reallocation of services between the province and the municipalities (service exchange) would save $7.3 million. However, prior to the amalgamation, the provincial government altered one aspect of the service exchange program which not only erased those expected savings of $7.5 million, but instead resulted in a net loss to the region of $5.0 million. Acknowledging that this data would not advance the amalgamation project, the province agreed to fund a pilot project for social-services general assistance which would basically offset this net service exchange loss of $5.0 million. As for the projected operational cost savings of $6.5 million due to amalgamation, financial data prepared by region staff indicated that the actual savings were approximately $4.2 million.

Although many citizens will confide today that they were skeptical about these projected initial savings, they still feel that they have been led down a path of deception by the regional elected and appointed officials who planned amalgamation based on the Campbell report. When tax bills arrived at the doors of many ratepayers, particularly in the rural communities which have experienced a major tax increase, many continue to believe that amalgamation was the root cause. Complex municipal/provincial fiscal relations are not well understood by the typical homeowner, who would not likely comprehend the relevance of the service-exchange issues.

In any event, the Cape Breton regional municipality faced a $15,000,000 shortfall in its 1995/96 proposed operating budget, which included prior deficits, adjustments to asset

valuation allowances, implementation costs, employee severance costs and building/technology allowance. This was obviously an amount not capable of being absorbed by a new regional government intent on reducing taxes. The region appealed to the province for some assistance to reduce this burden on the taxpayer. An agreement was reached (dated 29 November 1995) to adopt various fiscal arrangements which permitted the region to amortize a portion of the costs over a period of years, to increase taxes in 1995-96, to relieve the municipality from certain financial reporting obligations under the *Municipal Accounting and Reporting Manual* regarding valuation allowances, to permit the province to provide an interest free loan of $2.0 million for 1995-96 (forgivable after three years if the terms of the agreement were met by the regional government), and to obligate the region to take aggressive actions to increase revenues and control expenses.

There were a number of legislative issues to be resolved during the implementation process. An example is the consolidation of the by laws of the municipal units. Each unit had its own set of bylaws which set out many diverse policy issues and legislative authorities. For example, there were 14 heritage by-laws in four municipalities, all designating heritage protection districts, which would be void upon the amalgamation. It was necessary to roll these bylaws into one.

Other issues which the management committee and coordinator dealt with during the period from May 1994 to August 1995 included:

- Departmental action plans
- Property taxation system (duality of rates, previous deficits, service boundaries)
- Installation of an accounting system
- Capital budget preparation
- Property record logistics
- Human resource information systems
- Information technology system
- Communication System
- Economic Development issues

The coordinator and members of the management committee carried out an extensive public information process between the time of the announcement in May 1994 and the implementation in August 1995. From the personal record of the coordinator, it is clear that there were many examples of community meetings to discuss his report, the boundary issue, service delivery issues, staff issues, governance and accessibility issues and property tax issues. Meetings were held with councils, heads of councils, individual councillors, CAOs, firefighters, unions, government agencies, local economic development agencies, political science classes at the University of the College of Cape Breton and several community associations. The coordinator stated that he planned meetings to facilitate public participation. These meetings, although not well attended, were highlighted by much public concern and provision of information by the coordinator. They also provided an opportunity for the senior administrators to build some credibility with the public, a real attempt by the coordinator to take the government to the citizens in several areas of the region.

The initial municipal elections for the new regional government took place 13 May 1995. Seventy-nine percent (61,665 out of 78,800) of the eligible voters went to the polls to elect 21 members of council. Eighteen of the successful 21 candidates were former councillors/aldermen from the former 8 municipal units. The former warden of the Municipality of the County of Cape Breton was elected at large as mayor of the new regional government. In short, amalgamation led to little change in top personnel, especially when it is recalled that the CAO also was recruited from the old county.

After reviewing all the literature, interviewing the people involved in the amalgamation, and reading the reports associated with the issue, our conclusion as to the real reason for amalgamation in Cape Breton County is that the provincial government was motivated by the dismal financial position of several of the municipal units, which may have led to further attempts at annexation and continued pleas for emergency financial support.

It was also expected that one regional council would be a more effective decision-making structure than what had existed before. There is considerable evidence, however, that regional councillors still approach issues from the perspective of the former municipal units, that they still do not accept their region's unitary form of government, and that they are still unable to work together and with staff to promote policies that promote the interests of both urban and rural parts of the municipality.

There was speculation that there would be significant economic benefits to the region as a result of amalgamation. However, as late as December 1997, the council of the Industrial Cape Breton Board of Trade was still calling for the organization of the commercial sector as the foremost challenge confronting the Cape Breton community.

The effects of amalgamation on local tax rates are shown in Table 1 below. The tax structure devised for post amalgamation was developed on a service-based approach. The underlying principle behind a service-based approach is that properties with the same level of service should pay the same tax rate. This resulted in several former county area residential tax rates ranging from $1.29 to $1.63, and commercial rates ranging from $3.38 to $3.65.

There were a number of urban and suburban areas in the former county that received a higher level of service (compared to the more rural areas) and were, therefore, taxed at a rate comparable to the service level.

The data to determine the impact of service exchange, which is a very important factor in discussing the financial impact on the residents of the regional municipality, is not available for this analysis. For example, the loss of emergency funding from the provincial government in the amount of $3.7 million had a negative impact on the town tax rates. Service exchange required county governments to pay for policing and local roads. The provincial government absorbed administration of justice costs formerly paid for by municipalities. The province picked up a large portion of social services from municipalities. Calculations demonstrating the effects of these changes are unavailable from the regional municipality. Needless to say, the service exchange had a significant impact on municipal tax rates. It tended to increase rural tax rates and to reduce town tax rates, except for those towns that had received emergency funding. In these cases new tax rates were higher, reflecting their major loss of revenue.

Table 4.1 shows that tax rates in the new Cape Breton Regional Municipality have decreased in the former town areas and increased quite substantially in the former urban areas of the

county. In the former city of Sydney the tax burden has been slightly decreased. It is virtually impossible to compare the level of expenditures of the new municipality with those of the former municipal units and the Campbell projections. Re-allocation of cost centres in the financial reports, the impact of service exchange and the effect of the deficits incurred by the former units in the four month period from 1 April to 31 July 1995 all cause serious difficulties.

The expenditure budget for 1996-97, as approved by the region, for the first full fiscal year after amalgamation, was $87.1 million. If one compares that to the Campbell report, in which he estimates the expenditures to be $77.1 million, one could claim that either Campbell underestimated the expenditures or the regional municipality did not achieve the results that were projected.

The real accomplishment of the amalgamation was to prevent some of the urban municipalities from sliding toward bankruptcy. It did so by making available to these areas the tax base of the relatively prosperous urbanized part of the former county municipality. Whether the amalgamation will eventually lead to the more efficient delivery of municipal services or whether it will assist in the economic renewal of industrial Cape Breton are matters which it is still too early to assess.

Table 4.1. Effects of amalgamation on local tax rates, Cape Breton

(R=residential; C=commercial)

Municipal Unit	Pre-amalgamation	1998 Rates
City of Sydney R	2.19	2.17
C	5.05	4.47
County of Cape Breton R	1.18	Several *
C	3.14	Several *
Dominion R	1.92	1.90
C	3.58	3.82
New Waterford R	1.94	1.96
C	4.13	3.92
Louisbourg R	1.93	1.92
C	3.73	3.93
Sydney Mines R	2.19	1.91
C	4.34	3.95
North Sydney R	1.91	1.99
C	3.87	3.94
Glace Bay R	2.24	2.03
C	4.62	4.04

* The tax structure devised for post amalgamation was developed on a service-based approach. The underlying principle behind a service-based approach is that properties with the same level of service should pay the same tax rate. This resulted in several former County area residential tax rates ranging from $1.29 to $1.63, and commercial rates ranging from $3.38 to $3.65.

Chapter 5 - St. John's

In 1996 the census metropolitan area (CMA) of St. John's comprised 13 municipalities and 174,051 people (Statistics Canada 1997). There is no upper-tier metropolitan level of government, but the city of St. John's performs many important regional functions. Its population in 1996 was 101,936 or 58.6 percent of the CMA. The objective of this section is to determine the extent to which these municipalities are able to cooperate successfully with each other. But this task cannot be attempted without understanding the tangled history of metropolitan St. John's.

The St. John's Metropolitan Area Board was in existence between 1963 and 1991. Its main mandates were "to control and administer the [unincorporated] fringe areas" and "to provide a general control of development and growth in the Metropolitan Area (O'Brien 1993, 24)." In 1978 it was given control of a provincially-owned regional water-supply system. At no time, however, did this board have any jurisdiction within the territory of incorporated municipalities. During the 1970s and 1980s there were various proposals for the establishment of a form of two-tier government in the area, but none were implemented.

Effective 1 January 1992 the provincial government implemented a significant municipal reorganization within the St. John's CMA. Its main effect was to abolish the Metropolitan Area Board and to reduce the number of municipalities from 18 to 13. The city of St. John's absorbed the municipalities of Wedgwood Park and Goulds and most of the area previously under the jurisdiction of the Board. For the city, this was all of dubious benefit. In a 1996 position paper, the city stated:

> The Goulds and Metro Board lands are, for the most part, rural in nature with sprawling lineal urban developments. Upgrading infrastructure in these areas to a standard comparable to that in St. John's will require a major infusion of funding. As the Province did not provide the necessary transition funding for capital works, and with development frozen until adequate infrastructure can be provided, these areas are seen more as a financial responsibility than an asset for the City (St. John's 1996, 3).

Also effective 1 January 1992, the city was given jurisdiction over the area known as Southlands, previously part of the suburban city of Mount Pearl (population 25,519 in 1996). It was clear from the beginning that this particular transfer was a form of provincial compensation to the city. Because it was an expanding serviced suburban subdivision, tax revenues from it would grow over time. The fact that Southlands residents were not consulted about this change seemed relatively insignificant at the time. However, during the 1996 provincial election campaign, Premier Tobin promised that he would be willing to reconsider this decision. Much of the documentation on which this section is based flows from a rich collection of reports and studies prepared by Mount Pearl and St. John's since 1995 relating to this issue.

But what makes St. John's especially relevant as a case study of inter-municipal cooperation is that the 1992 reorganization charged the city of St. John's with new regional responsibilities. Instead of establishing an upper-tier regional government, the city became responsible for providing the following services outside its boundaries within various parts of the wider

region: public transit, solid-waste management, water supply, fire protection and secondary processing of sewage. Evaluating how this process works is a central objective of this section.

The city's case has been that the process is not working well, mainly because it is paying a disproportionate share of regional costs. City officials laid out their case in a 1996 position paper, extensive portions of which are quoted below:

> The City of St. John's fully operates and maintains the trunk sanitary sewage mains and disposal points which serve not only St. John's, but also Mount Pearl and a portion of Paradise. These communities bear no share of the cost of this municipal service downstream of their own boundaries.
>
> The City of Mount Pearl purports to pay "...proportionate share of operating costs..." associated with the use of certain regional services operated by St. John's. As a day-to-day operation; these do not cost the City of St. John's any significant amount over and above the fair share for its own use; however, peripheral municipalities benefit in other ways, such as in the supply of water through St. John's own distribution system at certain common boundary points (which saves not the cost of the water, but that of the infrastructure to transport it.) Perhaps the largest benefit is from the "economies of scale," which makes it much cheaper for them to share the City's cost than to provide their own such services. Many municipalities would not physically be able to provide some of these services, regardless of economic considerations.
>
> For the Robin Hood Sanitary Landfill, however, there are hidden costs which St. John's must shoulder. It is utilized by many municipalities in the St. John's urban region, and has a life expectancy of 15-20 years based on current capacity. St. John's will soon be required to locate a site for a new facility. In doing so, a relatively large area of land with an associated 500 metre buffer will be removed from areas that potentially could be developed for residential, industrial, or recreational uses. Mount Pearl does not have to make for this provision [sic] within its boundary and thus can make better economic use of its available land area.
>
> In addition, the City of St. John's must incur the expense of fabricating a new sanitary landfill to modern day standards and bare [sic] the full cost of retiring the Robin Hood Bay landfill (area municipalities pay for the right to dispose of their waste, not to close, maintain, or reclaim the site for other uses (St. John's 1996, 18).

The city then goes on to make the case that its infrastructure gets used on a regular basis by suburban commuters who do not pay city costs through their local property taxes.

In another paper written a year later, in March 1997, the city once again explained its role in inter-municipal service provision. For water supply, the city points out that it owns and operates two treatment plants. One serves St. John's exclusively and meets 60 percent of its total demand for water. The other plant covers the rest of St. John's, but about 40 percent of its total output supplies water to the city of Mount Pearl and the towns of Paradise and Conception Bay South. "There is a legislated requirement for co-ordination of policy and budgetary matters with the other municipalities through the Regional Water Services Committee. All communities other than those named here have their own water supply systems. (St. John's 1997, 3)." For sewage, St. John's handles discharges from Mount Pearl and the serviced portion of Paradise, in addition, of course, to its own. "All other municipalities drain to other receiving waters.

Agreement has been reached among St. John's, Mount Pearl and Paradise on a formula for sharing the capital cost of a harbour clean-up plan. (St. John's 1997, 3)."

For solid waste, St. John's points out that three other municipalities in the area operate landfill sites but that the city's

> handles the vast majority of refuse, serving all municipalities except those with separate facilities, as well as most of the private contractors throughout the region. Typically, domestic waste collected by St. John's makes up 20 % of the loading at the landfill, and a further 10 % comes from the collections of the surrounding municipalities. The remaining 70% is dumped by non-municipal users.
>
> The landfill facility is fully owned and operated by the City of St. John's, without any form of outside administration. St. John's determines the actual cost per ton for operation, and charges that rate to all users (including itself). Collection of municipal waste, and trucking to the landfill, are the responsibilities of the individual municipalities (St. John's 1997, 3-4).

Concerning fire protection, the city notes:

> the City of St. John's owns and operates the fire-fighting service which protects St. John's, Mount Pear, Paradise, Petty Harbour/Maddox Cove and Logy Bay/Middle Cove/Outer Cove. While there may be excursions across non-participating municipalities' boundaries in emergencies, the other communities have their own local, mostly volunteer, fire departments. A Regional Fire Services Committee, comprised of representatives from St. John's and Mount Pearl, established under the City of St. John's Act, provides policy direction for the fire service (St. John's 1997, 4).

The service committees are unusual institutions, with which the city is far from happy. It describes them in the following terms:

> Even though formally legislated, these committees have limited control and authority. Rather, they act more in the capacity of monitors in the budgetary process. Neither the Committee nor the operator (St. John's) can effectively provide needed capital improvements to the water system, enforce proper demand-related development controls, or prevent the instabilities of "opting-out," as evidenced by recent withdrawals from the fire protection service.
>
> In contrast, the sanitary landfill at Robin Hood Bay operates very effectively. This is because St. John's has full authority to operate the landfill as needed, and to charge the users (including itself) what is necessary. The fact that most other municipalities make use of it is indicative of the viability of this system of administration (St. John's 1997, 4).

The city's comments in 1997 on the landfill situation are in sharp contrast to those it made one year before. The difference is perhaps explained by the fact that in 1996 the city was arguing for extended boundaries, while in 1997 it was arguing against the imposition of a form of regional government that would replace the existing service committees.

As far as other municipal services are concerned, St. John's contends that

> Potential cost savings through combined efforts in such areas as purchasing, snow clearing, infrastructure maintenance and support services are not significant for [us]....The scope and scale of our operations easily warrants our own independent

> undertaking of them, and we can attract capable and competitive bids and proposals. Some of our neighbouring municipalities may be able to benefit from the economies of scale of our operations, and there may be potential benefits to St. John's. While we welcome this, we should not be unduly hampered by formalized processes upon which all municipalities must agree (St. John's 1997, 5-6).

The city's conclusion about the "many and varied" arrangements for regional services in the St. John's area was that they "are not compatible with the long-term objectives and function of the urban core (St. John's 1997, 11)." The city requested that its boundaries be extended so as "to incorporate the majority of the surrounding urban and suburban development (St. John's 1997, 12)" and that it be excluded from "any regionally-oriented councils or authorities which may be created in the Northeast Avalon (St. John's 1997, 13)."

Not surprisingly, the city of Mount Pearl assessed existing arrangements more favourably. Writing in October 1997, Wade Locke and Peter Townley, consultants for Mount Pearl, wrote as follows:

> Gains from cooperation have been realized in the greater St. John's area in the provision of regional water and sewer services. Consolidation or amalgamation of all communities into a single large community is not a prerequisite for the exploitation of these scale economies. When it is mutually advantageous for communities to enter into a cost-sharing agreement for combined delivery of a specific service, they can and often do so voluntarily, for the benefit of all. On the other hand, communities, presumably would wish to avoid joint-provision agreements for delivery of services for which scale economies are absent and for goods and services characterized by diseconomies of scale. Amalgamation leads to joint provision of all services, whether joint provision is cost-minimizing on a service-by-service basis or not. On the other hand, cooperative agreements between communities on a selective basis—only for those services for which economies of scale exist—ensures overall cost minimization (Locke and Townley 1997, 35-6)

A major portion of the report is concerned with demonstrating the beneficial effects of inter-municipal competition. Much of it reads like a public-choice textbook: families and businesses are assumed to be on the lookout for the municipality that offers what, for each of them, is the most attractive package of services and taxes; the competition to attract taxpayers compelled municipal efficiencies; everybody is better off than if one monopoly municipality inefficiently provided a common set of services and taxes. At a more practical level, the authors note that:

> Even though St. John's raises its concerns about the destructiveness of interjurisdictional competition between Mount Pearl and itself throughout its [1996] brief, in no place in that document is there a specific example of when and how competition with Mount Pearl has been to the detriment of St. John's (Locke and Townley 1997, 39).

Mount Pearl's consultants were especially impressed by the co-operative features of the St. John's Regional Fire Department:

> This formal cooperative arrangement may be superior to the kind of cooperation evident among volunteer fire departments in other parts of the nation. Typically, cooperation between these smaller fire departments is limited to 'mutual assistance' calls. By formalizing this cooperation on a regional basis, such as that in the St. John's region,

> mutual assistance is automatic and economies of scale can be realized by all constituents especially with respect to equipment purchases (Locke and Townley 1997, 49).

The consultants make reference to public transit, a subject ignored in St. John's documents:

> On a contractual basis, the St. John's Transportation Commission operates part of its bus service in Mount Pearl. As this is an arrangement entered into voluntarily, presumably it is mutually advantageous. Again, amalgamation is not necessary when cooperative arrangements can be contracted (Locke and Townley 1997, 50).

They make exactly the same point with respect to the St. John's landfill. Mount Pearl uses it as the result of a business arrangement between it and St. John's. The agreement would not exist if it were not mutually beneficial. Finally, they note that Mount Pearl sells animal-control services to Paradise, thereby reducing excess capacity that would inevitably result if each municipality maintained its own animal shelter (Locke and Townley 1997, 50-1).

The consultants' report sponsored by Mount Pearl caused St. John's to hire its own experts to write a rebuttal. John Heseltine and John Jozsa of Porter Dillon Limited completed their report one month after Mount Pearl's. They note Mount Pearl's enthusiasm for inter-municipal agreements and make an important point in response:

> Terms of trade between municipalities are often inequitable, inasmuch as there is usually only one service provider and occasionally only one municipal buyer. Service agreements can and do work. But sometimes they are held together more by a lack of choice and/or a sense of social responsibility than by mutual satisfaction with contractual arrangements. On occasions when disagreements arise they can be very difficult to resolve. Often the entire relationship between municipalities will be poisoned and provincial intervention will be required (Heseltine and Jozsa 1997, 11).

Heseltine and Jozsa cite as an example conflicts over costs within the St. John's Regional Fire Department between 1992 and 1994 that were concluded only when "the Province stepped in and dictated a resolution (1997, 11)."

Rather than seeing St. John's and Mount Pearl as equal players in a bargaining relationship, the St. John's consultants claim that

> the relationship of Mount Pearl to St. John's is essentially parasitic. Mount Pearl is a suburb of St. John's; 61 per cent of total system trips originating in Mount Pearl are destined for St. John's....To work, shop, and visit, Mount Pearl residents largely travel on roads in St. John's. Water comes from the Bay Bulls Big Pond Watershed in St. John's. Garbage goes to the Robin Hood Bay landfill operated by St. John's. Sewage flows into the Waterford Valley Relief Trunk Sewer in St. John's and through it into St. John's harbour. Because Mount Pearl occupies the Waterford Valley with St. John's, its stormwater discharges into St. John's. As Mount Pearl residents work and live in the region, they also take advantage of St. John's parks and recreation services. The lower costs of operation to which Mount Pearl and Locke and Townley proudly point owe much to low and no cost access to these services of St. John's (Heseltine and Jozsa 1997, 15).

What is not clear from this impressive list is why Mount Pearl is not being charged what St. John's considers to be fair prices. There is not even evidence that St. John's is attempting to raise

costs for Mount Pearl residents. Only with respect to use of roads would there be any real technical difficulty. If there are political or regulatory difficulties, the reader is not informed.

Just as Mount Pearl's consultants presented the textbook public-choice approach, the St. John's ones did the same for the amalgamationist case. They conceded that inter-municipal agreements were "better than nothing at all," but the problem is that "inter-municipal agreements and regional service authorities are never directly connected to the electorate that they serve (Heseltine and Josza 1997, 17)." This, according to Heseltine and Josza, explains the emergence of multi-purpose, upper-tier regional authorities. But they are now out of favour because they have "often become overly bureaucratic" and "forums for inter-municipal bickering rather than a means for resolving differences (1997, 17)." The desired alternative: a single municipality delivering all municipal services. "When quantity and quality are appropriate, citizens re-elect their representatives; when they are not, the electorate can replace their representatives with others more attuned to their wishes (Heseltine and Josza 1997, 18)." Such thinking reflects a common amalgamationist syndrome: local democracy apparently requires large municipalities, and smaller territorial communities in a single urban area should therefore be abolished, even if residents are opposed—all in the name of making local democracy more effective!

Recent controversies about municipal boundaries in St. John's were effectively terminated in February 1998 when the commissioner investigating the Southlands dispute presented his report. He ruled that Southlands would stay with St. John's, primarily because

> it is quite apparent that the Government of the day [1992] used the fact that Southlands had been transferred to St. John's as a reason to avoid paying any direct financial compensation to St. John's because of the liabilities they were obligated to assume in the new areas ... they were taking over... (Newfoundland and Labrador 1998a, 43).

The commissioner included as an appendix to his report a copy of a letter he had received from Clyde Wells, the province's premier at the time. Mr. Wells stated that the government's 1992 decision was to exclude Mount Pearl from St. John's "for the time being" because

> it would only be a matter of time before the relatively small existing developed area of Mount Pearl would be surrounded by housing and commercial development within the City of St. John's and the people of the Mount Pearl area would be much more receptive to full amalgamation and thereby reduce, if not eliminate, any residual ill will or bitterness (Wells 1998, 3).

The cabinet accepted the commissioner's recommendation. But, on the same day that the report and the cabinet's decision were made public, the minister of municipal and provincial affairs also stated that:

> I want to make it abundantly clear today that government does not have any intention of entertaining the question of amalgamating the cities of St. John's and Mount Pearl. The status of Mount Pearl as a separate city is not in question. Mount Pearl today is a vibrant city, perhaps one of the most efficiently run cities in the province, and it will remain as a separate entity into the future. The only way the government will entertain the question of amalgamation is for it to be requested by the City of Mount Pearl (Newfoundland and Labrador 1998b).

Equally significant was the minister's announcement that no new regional institutions would be imposed on the area. "The regionalization of services in the two cities will apply only if it is requested and agreed by both of the cities (Newfoundland and Labrador 1998b)."

While acknowledging "the Government's commitment that the City of Mount Pearl will not be amalgamated without the endorsement of the Council and citizens of Mount Pearl (Mount Pearl 1998)," the council objected strenuously to the commissioner's conclusions concerning Southlands. It was especially concerned that

> The Commissioner placed too much emphasis on former Premier Wells' comments and personal views that resulted in a disproportionate level of influence on the outcome of this process. These comments are in contrast to the opinions of other cabinet ministers ... of the Government of the day...(Mount Pearl 1998).

For the foreseeable future, metropolitan St. John's will consist of a dominant central city, a strong suburban city of Mount Pearl, and a handful of peripheral communities. They co-exist without an upper-tier government and without powerful inter-municipal special-purpose bodies. In reality, the city of St. John's acts a regional service-provider for solid-waste disposal, sewage, water-supply, fire protection and transit. Although St. John's has complained that it is not properly compensated for its extraterritorial functions, it has presented no real evidence. Nor has it attempted to raise its current prices. Until recently at least, its strategy was to push for the annexation of Mount Pearl, rather than for more revenue from it. Perhaps the strategy will change. Perhaps the argument from St. John's own consultants that inter-municipal contractual arrangements cannot operate in normal market-like conditions will be tested.

It seems, however, that Mount Pearl and other affected municipalities are quite willing to pay charges that fully reflect St. John's real costs for each service. Presumably St. John's could argue that marginal costs for building new infrastructure to suburban boundaries are higher than the cost of intensifying its use in parts of the city that are already built up. But it appears that the necessary infrastructure to serve Mount Pearl and much of Paradise is already in place. In any event, the city of St. John's is itself much more than a central-city municipality. Since 1992 its boundaries have extended far into the urban hinterland, well beyond Mount Pearl. On the surface at least, it seems that there are no insurmountable obstacles to implementing the principle that St. John's can charge its municipal customers rates that are equivalent to what it charges its own residents.

According to the city of St. John's, such a principle by itself does not represent complete fairness. Like all central municipalities everywhere, it argues that suburbanites use central-city roads, cultural facilities, and other services without fully paying for them. But what is particularly annoying to officials within St. John's is that Mount Pearl has lower tax rates, especially for commercial and industrial properties. Providing infrastructure services at cost to Mount Pearl can be seen as helping to maintain the tax-rate differential because, if Mount Pearl were forced to build its own infrastructure from scratch, its tax rates would soar. Unfortunately, this type of hypothetical thinking leads nowhere: at a minimum we need to know how easily (if at all) St. John's would be able to divert its infrastructure capacity to within its own boundaries. By trying to inflict financial damage on Mount Pearl, it could just as likely cause serious harm to itself. More importantly, since the provincial government was a major source of capital funds for the water and sewer systems, it would never stand idly by if officials in St. John's were ever

so unwise as to try to extort funds from its neighbours through its formal ownership of the region's sewer and water systems.

Like many other metropolitan areas in Canada, St. John's has in the past decade gone through an unfortunate period of structural insecurity. Municipalities have jostled for position. Some have won and others have lost. Some no longer exist. But the St. John's area now faces a period of relative structural stability. Neither the advocates of public choice nor the amalgamationists could possibly consider the outcome in St. John's as anything close to ideal. All things considered, however, it is difficult to understand why municipal infrastructure cannot be developed and maintained as effectively and efficiently in St. John's as it is in any of Canada's other metropolitan areas. In short, municipal institutions in St. John's are not a structural handicap.

Chapter 6 - Abbotsford

The amalgamation of Matsqui and Abbotsford on 1 January 1995 has been discussed in two previous ICURR publications. Allan O'Brien (1993) reported on the initial defeat of the amalgamation proposal in 1990 due to its inability to garner a majority of votes in a referendum in Abbotsford. In 1998 Igor Vojnovic described the initial impact of the amalgamation that was approved in a second referendum in 1993. The amalgamation is addressed here once again for two main reasons: 1) it was the only significant municipal amalgamation in western Canada during the 1990s; and 2) it is the only recent municipal amalgamation in Canada to have won popular approval in a referendum.

The basic facts were reported by both O'Brien and Vojnovic. In 1991, the district of Matsqui's population was 68,000 while Abbotsford's was 19,000. The two districts on the south shore of the Fraser river east of Vancouver were closely intertwined, sharing a common business district. Abbotsford had a higher per capita property-tax base; its residential tax rates were lower but its commercial and industrial rates were higher. In 1993 amalgamation was approved by 58 percent of the voters in Abbotsford and 77 percent in Matsqui.

The former district of Abbotsford contained the older urban settlement. Much of Matsqui consisted of suburban development, linked to Abbotsford in the east but increasingly also to Vancouver in the west. The name "Abbotsford" was better known and was used as the postal address in many parts of Matsqui. Homes in Abbotsford were generally more expensive, partly because many were built on fairly mountainous terrain. In short, it is easy to see the attraction of amalgamation from the perspective of Matsqui residents. Reasons for opposition within the former Abbotsford are also fairly apparent.

Ultimately, however, Abbotsford residents approved amalgamation. Many were convinced by claims that amalgamation would lead at least to modest savings in municipal costs. Standardization of residential property-tax rates was to be phased in over five years, thereby preventing a sudden jump in Abbotsford's taxes. Unlike residents in most of the smaller units in a two-municipality amalgamation, those in Abbotsford were able to maintain their municipality's name. This last factor was probably crucial. Even though Abbotsford residents were clearly in the minority, the maintenance of their municipal designation made it appear that it was Abbotsford that was the dominant partner, not Matsqui.

Although consultants had once predicted savings of $2 million from amalgamation (O'Brien 1993, 57), financial issues were not central to the amalgamation debate. Nevertheless, it is important to have some understanding of what has actually happened. In 1994, the last year before amalgamation, combined expenditures of the two municipalities (excluding "transmission of taxes collected for other governments") was $61,788,304 (Abbotsford 1995, 21). In 1997, the third year of operation for the amalgamated municipality, total expenditures were $63,851,143 (Abbotsford 1997, 59) an increase of 3.3 percent over the 1994 number. During the same period, the total population of the area increased by 6.8 percent, from 102,156 to 109,140. Both pro- and anti-amalgamationists can presumably draw modest comfort from these figures. But, in these times of universal public-sector constraint, the initial conclusion must be that, financially, amalgamation did not make much difference. Definitive conclusions on this matter

would require detailed comparisons with other municipalities in British Columbia of similar size during the same period.

Neither O'Brien's nor Vojnovic's studies say much about water supply and sewers. Each of these infrastructure items are significant with respect to the amalgamation. Not surprisingly, amalgamation has resulted in the integration of both of these municipal services. The former district of Abbotsford, which used to use its own groundwater system, is now hooked into the former Matsqui system, which draws water from Norrish Creek and Cannall Lake in the mountains north of the Fraser river. The older network of pipes within the former district of Abbotsford—for both water supply and sewers—is in the process of being rehabilitated by the new amalgamated municipality. Such integration and infrastructure renewal is exactly what we would expect from a successful municipal amalgamation. More funds are probably being spent than if there had been no amalgamation, but the quality of the infrastructure is enhanced and the costs are spread more widely.

O'Brien reported that "Matsqui and Abbotsford get from the regional district trunk sewers, sewage disposal [etc.]...(1993, 57)." Vojnovic (1998) stated: "Matsqui and Abbotsford maintained many inter-municipal programs, which included ... sewer and water services...." Both accounts were right, although neither really told the full story. Technically, O'Brien was correct: the regional district was and is responsible for trunk sewers and sewage treatment. It was and is also responsible for the treatment and wholesaling of potable water. But, for sewers, the only other municipality involved in the system was Mission, immediately to the north on the other side of the river. For water supply, the only two municipalities involved were Matsqui and Mission. Because prior to 1995 Mission was in a different regional district and because water and sewer systems within regional districts are controlled only by those municipalities that use the services, both services were in fact run by inter-municipal commissions, even if it was a regional district that was legally responsible.

In 1995 three regional districts on both sides of the Fraser merged to form the Fraser Valley Regional District. Consequently this new entity became the legal owner of the water-supply and sewer systems referred to in the previous paragraph. But, because of the Abbotsford amalgamation, there were now only two municipalities involved in each function. For all practical purposes the two systems are jointly run—apparently without significant difficulty—by the amalgamated Abbotsford and by Mission.

For people familiar with local government practices in British Columbia, there is nothing particularly unusual about what has just been described. Regional districts are not like regional governments in Ontario. Although they have responsibility for sewage treatment and water supply, their jurisdiction for these functions does not necessarily apply to the whole territory. Only those municipalities benefiting from a particular regional-district service participate in decision-making for that service. That is why we can say that Abbotsford and Mission—and only Abbotsford and Mission—control the water and sewage functions of the Fraser Valley Regional District. To demonstrate the full complexity and flexibility of the system it should also be noted that, for the purposes of regional parks, Abbotsford is a member of the Greater Vancouver regional district, not the Fraser Valley one.

Inter-municipal infrastructure arrangements in British Columbia reflect the truth of what a senior public servant in British Columbia wrote in 1992: "the largely technical problems of

[municipal] service production do not require consolidation (Walliser quoted in O'Brien 1993, 540)." Amalgamation in Abbotsford did not result from service-production problems, or even from expectations that service production would be significantly improved. It resulted from the political fact that voters in two separate communities decided that what united them had become more significant than what divided them.

Chapter 7 - Regina and Moose Jaw

Regina and Moose Jaw, both in Saskatchewan, are about 60 kilometres apart. They share common infrastructure for water supply, notably a treatment facility at Buffalo Pound Lake, located a little to the north of both cities but closer to Moose Jaw. The original agreement dates back to 1951. By any standards, this is a remarkably durable and significant inter-municipal agreement. In many respects it is frustrating to describe and analyze: no one can point to any serious difficulties with it.

Although this discussion must inevitably be short, it is important to place it within the overall municipal environment of Saskatchewan, a province that has eschewed any form of coerced municipal reorganization. During the 1990s the Saskatchewan government has gone to great efforts to investigate and assess the pattern of inter-municipal arrangements, especially in rural parts of the province (Saskatchewan 1993 and 1995). In 1996, as a result of such studies, the government introduced legislation to provide for service district boards, modelled roughly on regional districts in British Columbia and regional services commissions in Alberta. Notwithstanding the fact that municipal involvement in such boards was to be "highly voluntary (Garcea 1997, 2)," municipal organizations objected and the government retreated. As a result, inter-municipal services in Saskatchewan are still provided by a dense network of agreements that owe their legitimacy to specific provisions of the *Urban Municipality Act, 1984* and the *Rural Municipality Act, 1989*.

The water agreement between Regina and Moose Jaw has now lasted for more than 50 years, since before the creation of the original version of the Municipality of Metropolitan Toronto, often cited as Canada's most innovative structural adaptation to the problem of inter-municipal service provision. Perhaps because much of the capital cost of the joint facility has been provided by grants from federal and provincial governments, it seems to have been remarkably free from inter-municipal acrimony and bickering. Even today, however, when such grants are no longer readily available, the two municipalities are contemplating new capital investments from their own funds. Rightly or wrongly, the water rates charged in the two cities are not sufficient to cover new capital investment, so the funds derive directly from the two municipal capital budgets.

The Buffalo Pound Water Administration Board comprises three members: two senior administrators (one from engineering and one from financial services) from Regina and one (an engineer) from Moose Jaw. Because the population of Regina (185,000) is more than five times that of Moose Jaw (34,000), the latter is significantly over-represented. But the reality is that both sides must agree to significant changes, regardless of the make-up of the board. Because the board members are municipal staff, they are careful not to stray far from the political direction of their respective councils. Although the board is technically a separate legal entity and is therefore the employer of the plant's workers, collective agreements tend to follow settlements in Regina which are in turn similar to most urban municipalities in the province. Most of the board's human-resources functions are carried out by Regina's human-resources department.

Water rates are set by the board. Perhaps because they do not cover capital costs, there are no complaints that they are too high or otherwise unfair. Both councils seem to accept the

notion that the setting of the rates is a technical issue appropriately determined by staff. In any event, the senior staff who are members of the board have never acted in such a way as to provoke political controversies about rate levels. Financial services for the board are provided by Regina.

In 1997, 80.3 percent of the water produced by the board went to Regina; 19.1 percent to Moose Jaw; and 0.6 percent to the Saskatchewan Water Corporation to service communities near to the plant and/or the major pipelines running to the two cities (Buffalo Pound Water Administration Board 1997, 11). Under current arrangements, new capital costs are split between the two cities using a ratio of 73 percent to 27 percent. This ratio reflected Regina's usage earlier this decade when it was still obtaining about five percent of its supply from local well water. This percentage is decreasing and Regina is twinning its pipeline to Buffalo Pound so as to be able to eliminate completely its use of well water. At this point the ratio for sharing new capital costs will likely be renegotiated. Nobody seems to expect serious difficulty.

Not much more can be said about a longstanding inter-municipal agreement that provokes little or no controversy or disagreement. Why has it been so successful? Perhaps because the municipalities are far apart and consequently there are no inter-municipal irritants relating to other subjects that can impinge on a good working relationship concerning water. Perhaps it is because the board membership comprises senior staff rather than elected politicians who might want to use the board for other political purposes. Why has staff control of the board not itself caused difficulty in terms of accountability? Although formal mechanisms are not in place, staff members seem extremely sensitive to the need to consult with their respective councils on any issue that goes beyond the technical concerns of the water-treatment plant itself. Why do administrative costs of running a completely separate board appear not to be an issue? The answer here surely relates to the informal arrangements whereby many of the non-engineering functions are in fact carried out by the city of Regina.

The Buffalo Pound Water Administration Board stands as an apparently permanent voluntary inter-municipal institution. It shows that municipalities can get along with each other for a productive purpose over a long period of time. Whether the experience of Regina and Moose Jaw can be replicated in municipalities that abut each other in a continuously built-up urban area—rather than being separated by sixty kilometres of open prairie—is, of course, the difficult question to which everybody would like an answer. Experience in British Columbia suggests that it can; so does the relatively brief history of the inter-municipal sewage-treatment plant on the south shore of Montreal. In any event, the main point of this brief discussion has been to suggest that students of local government, wherever they are in Canada, should know as much about Buffalo Pound as they do about any particular province's latest proposal for municipal reorganization.

Chapter 8 - London, Ontario

Effective 1 January 1993 the city of London, Ontario tripled its territory and completely absorbed its most populous neighbour, the town of Westminster. This was a municipal amalgamation that appears to have been driven by issues relating to municipal infrastructure. It is therefore of considerable relevance to the main concerns of this study.

The broad historical background to the annexation has been explained elsewhere (Sancton 1998b). For the purposes of this paper, it is important to know that the process began in 1988 when London city council approved an annexation by-law aimed at obtaining jurisdiction over an additional 7000 hectares of land. The main factor driving the annexation attempt was that city officials believed that they were short of land for potential industrial development, especially in the south where existing city territory did not include much developable land near Highway 401. The most important feature of the city's proposal was a statement that it would be willing to enter into an agreement with Westminster to provide sewage and water services to areas of the town that were already developed (or that would soon be developed). Many such areas were serviced only by a limited supply of ground water and by septic tanks or small sewage-treatment systems that had reached their capacities. Such a statement by the city was a significant break from its previous policy of generally not providing hard services outside its own municipal boundaries.

Westminster's response was to reject the proposal, arguing instead that an upper-tier regional government should be established in the area that would be capable of providing sewage and water supply in accordance with the provisions of a regional plan for urban expansion. The city of London in turn rejected this proposal, in large measure because London's dominance in the area made quite impracticable any attempt at representation-by-population on any hypothetical regional governing body. When the province inevitably became involved, its position was that both inter-municipal servicing agreements and a two-tier system of regional government were unacceptable. Under these conditions, annexation of all the developed and potentially developable land within Westminster became inevitable, especially given the province's further insistence that Westminster's debt capacity had almost been reached and that making the area within Westminster at the intersection of Highways 401 and 402 ready for industrial development was crucial for the province's economic well-being.

Understanding the relationship between London's annexation and its piped infrastructure[4] requires some rudimentary knowledge of the area's geography and of the role of the provincial government. Since 1967, most of London's water has been provided by the province from a treatment facility on Lake Huron. Although many municipalities between London and the lake have been allowed to tap into the system, London is very much the dominant user. The Lake Huron water pipeline terminates at London's northern boundary. If a municipality to the south (such as Westminster) wanted to benefit from Lake Huron water, it would have to deal with London, not the province.

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[4] Sancton's understanding of the infrastructure issue has been assisted by a research grant from the Social Sciences and Humanities Research Council of Canada, whose financial support is gratefully acknowledged.

The province had also constructed a water-supply system based on Lake Erie to serve the central part of Elgin county, immediately to the south of Westminster. This could have been a source of water for Westminster but, once its desires for urban expansion were apparent, the province became committed to a London-based infrastructure policy, rather than one which encouraged Westminster to develop as an independent rival. Ironically, when the city itself needed increased water-supply capacity in the late 1980s, its additional needs were met by tapping into the Lake Erie system. The fact that pipes leading into the city from the south were already in place, because of its pre-1967 groundwater system, was a significant bonus, one that Westminster itself did not possess.

As far as sewage is concerned, London has a significant waterway, the Thames river, into which treated effluents can be released. Westminster's equivalent, the Dingman Creek, is simply too small to accept much treated sewage. Westminster's alternatives were bleak: to buy sewage treatment from London, which the province would not permit or to hope that the province itself (or a newly-created regional government) would build a major regional sewage-treatment facility either west of London on the Thames river or on the shores of Lake Erie. This latter option was never realistic, just as it was never realistic that Westminster would ever have direct access to drinking water from Lake Erie.

Annexation made it possible for the city, soon after 1993, to correct the most obvious servicing deficiencies in the urbanized portions of Westminster adjoining the old boundary. Indeed, such actions were contemplated by the city in 1988 when it launched its original proposal for a modest annexation of undeveloped land combined with servicing agreements for other areas. However, the architects of annexation articulated objectives that were much more comprehensive than correcting servicing problems in a few subdivisions that had already been built. As a condition of the 1993 annexation, the province required London to launch a comprehensive planning process involving all municipal activities and culminating in a new Official Plan. The process, called "Vision '96," included major studies of the enlarged city's requirements for piped infrastructure.

For water supply, major infrastructure projects within the city's new southern limits were not required. Pipes from existing facilities, especially from the Lake Erie supply system, would simply be extended into areas designated for new development. Many existing residential areas will continue to rely on existing groundwater systems. But sewage is quite another matter, primarily because, according to the authors of the studies, existing sewage-treatment plants have insufficient capacity to allow for significant southern growth.

As a result of these studies, London's 1996 Official Plan contained the following statement:

> The City will ... provide for the construction of a Southside Sewage Treatment Plant to service the Dingman Creek drainage area in keeping with the Growth Management Policies. An environmental impact assessment and any other studies required prior to commencement of this project will be undertaken at the earliest opportunity.

According to the city's 1998 capital budget, the projected total cost of the project was $54 million and most of it was to be spent sometime after 2002.

The site-selection process began in 1997 with the commissioning of a $500,000 consultants' study. When residents near the area selected as the optimal site objected, city council decided to start the process again (*London Free Press* 30 September and 15 and 16 October 1997). Then it was

the turn of the developers to object: they argued that the project's cost was too great, especially since most of it was projected to be paid for by development charges. They pointed out that London was not growing as fast as originally projected and that future growth could be handled by existing plants. One councillor representing a ward in which the plant would likely be built wanted the city to investigate new smaller-scale sewage-treatment technologies. Meanwhile, the city engineer continued to claim that the plant was necessary because eventually growth will come (*London Free Press* 28 March 1998).

On 15 June 1998, the *London Free Press* printed a brief written "debate" on the subject. The proponent of the new plant was Gary Blazak, a professional planner and then president of the London Chamber of Commerce. He argued that

> The Southside Sewage Treatment Plant is the solution to many of our present sewage woes, and it is the key to our community's future health and prosperity. Not only will it allow diversion of some existing sewage flows within the city, it will also provide a critical measure of insurance in preventing sewage outflows that now reach the Thames River in untreated form during wet weather....
>
> As important as it is for remedial environmental purposes, the Southside plant is also the single most important infrastructure prerequisite for the future growth and expansion of London.
>
> Industrial development around the currently unserviceable land at the meeting of highways 401 and 402 would provide enormous economic benefits to London. These lands with their potential for direct linkage to the international superhighway [402] could result in tens of thousands of new jobs for London.

The designated opponent in the debate was Edward C. Corrigan, president of the Lambeth Community Association, a group representing most of the urban residents of the former Westminster. The crux of his case was this:

> Annexation was forced upon the residents of the Town of Wesminster.... Nowhere in the fine print did it say that we now had to accept London's sewage as part of the deal. In fact, guarantees and promises were made to protect the agricultural land and the quality of life in our community.
>
> The vast majority of Lambeth and rural residents function very well on septic tank systems. We do not have storm sewers and there is no proposal to install sanitary sewers in Lambeth.
>
> There are no benefits to the residents of Lambeth and our surrounding rural area from the proposed facility ... and certainly there will be costs borne directly by the residents in the area of the site.

By the end of 1998 city council was no closer to making any decisions about the Southside sewage treatment plant. In a press interview in November, the city engineer argued that early action was "critical for the city" and that "other cities along Highway 401 are seeing development along the country's economic artery but London will lose the its ability to compete if work on Southside doesn't begin (*London Free Press* 13 November 1998)."

Ironically, while city council struggles with its decision about Southside, it is in the process of entering into new inter-municipal arrangements for water supply. Under the terms of the *Water and Sewage Service Improvement Act, 1997*, the province is transferring ownership of the

infrastructure it owns to the relevant municipalities. Effective in 1999, London will be a dominant participant in the new institutions that will own both the Lake Huron and Lake Erie systems that provide London's water. London will soon be involved in inter-municipal arrangements for water supply that are remarkably reminiscent of the ones the province rejected

in 1990 when it rejected London's proposal to supply water and sewers for Westminster in return for a modest annexation.

Unlike more recent municipal restructurings in Ontario, the huge London annexation that took place in 1993 had very little to do with saving money. It was primarily about promoting, and planning for, economic growth. The government's key assumptions in sponsoring the annexation were that the city of London's tax base would be used to provide the necessary infrastructure to service industrial growth in the 401/402 corridor. It could still be the case, of course, that this is exactly what will happen. Sometime around 2005—more than a decade after the annexation—the new sewage system could be in place and the area could be experiencing an economic boom. In these circumstances, analysts will look back at events in the early 1990s and retroactively congratulate provincial and local politicians for their remarkable vision and foresight.

Another possibility is that the system will be put in place but that there will be no significant industrial development. This is effectively what happened (or did not happen) in the Regional Municipality of Haldimand-Norfolk in the mid-1960s. The provincial government created new municipal structures and promoted new infrastructure in the area on the assumption that Nanticoke would be the site for major new facilities relating to the steel industry. The development never took place. Could it be, as the London economy adjusts to the information age, high technology, and growth based on spin-offs from university- and hospital-based research, that the fields around the intersection of Highways 401 and 402 will remain planted in corn for decades to come? Such a turn of events, in itself, is hardly disastrous. But it would be if the city spends $54 million on a sewage-treatment plant that is not needed.

No one can foresee the future. That is why municipal infrastructure planning is so difficult. But what has already been experienced in post-annexation London teaches valuable lessons. Changing municipal boundaries does not automatically lead to the adoption of the policy favoured by those sponsoring the change. Even a decision to include a major infrastructure in a new official plan does not prevent the same project from being hotly contested two years later. Municipal restructuring changes the forum in which issues are decided and it certainly affects the balance of political power relating to particular decisions. But contestation continues and circumstances change; nothing is certain about an infrastructure project until it is completed. Only then does it become a fact of life to which developers, residents, politicians, and bureaucrats must adjust their behaviour as they grapple with new sets of problems and issues.

Chapter 9 - The Regional Municipalities of York and Durham

The object of this chapter is to determine the extent and nature of inter-municipal agreements among area municipalities within the Ontario regions of Durham and York. They were chosen as areas because both are rapidly growing areas in the Greater Toronto Area and both are in the middle of a debate regarding municipal structures. The Regional Municipality of Durham encompasses a thousand square miles and comprises eight area municipalities: Ajax, Pickering, Whitby, Oshawa, Clarington, Scugog, Brock, and Uxbridge. Their total population is approximately 450,000.

York region is located just north of the city of Toronto and south of Lake Simcoe. Its population is approximately 510,000. It comprises nine municipalities: Aurora, East Gwillimbury, Georgina, King, Markham, Newmarket, Richmond Hill, Vaughan, and Whitchurch-Stouffville. The three southern municipalities, Markham, Vaughan, and Richmond Hill are the largest.

Primary research was conducted in Durham and York Regions to determine what inter-municipal partnerships exist, how they work, and how long they have been in place. For the purposes of this chapter, a partnership exists when an inter-municipal institution is formed and/or when a municipality sells, barters or exchanges a service to another municipality. Furthermore, throughout this report the terms partnership, inter-municipal agreement and joint venture are used synonymously to mean an arrangement to share the delivery of services between or among two or more government bodies.

A brief questionnaire was sent to the chief administrative officers (CAOs) of all municipalities within the two regions. The questionnaire asked the respondents to indicate whether their municipality has partnerships in various service areas and respondents were asked to specify who the partner is in the arrangement and the length of the partnership.

Written responses to the questionnaires were supplemented by telephone interviews, face-to-face interviews, visits to the various municipalities and thorough research of internal documents. The case studies were chosen as best representatives of the most and least common types of public-partnership arrangements. The latter were chosen so as to provide examples that might also be relevant elsewhere.

Survey results

Responses were received from 16 of the 17 municipalities. This means that all municipalities are accounted for in this report because partnerships entered into by the missing municipality are presumably reported by the other municipalities. In general, the larger municipalities seemed especially cognizant of the need to monitor their inter-municipal arrangements and at least one seemed to have a person whose job, in part, involved precisely this task. In smaller municipalities the task fell to the CAO or the clerk-administrator. One municipality responded that it had a particular partnership with another municipality. However, the second municipality did not indicate such a partnership. In these cases we followed up to determine whether the partnership actually existed or not.

Municipalities were asked to indicate any public partnerships they currently have with any other municipality, or other government body. Some municipalities indicated private

partnership arrangements, but this information is not included in this chapter as it is outside the scope of the study. Municipalities were also asked to indicate any intergovernmental agreements with municipalities outside the two regions. This explains the following items in Table 9.1: fire service agreements between Brock and Ramara, Brock and Eldon and Brock and Marposa, and the garbage disposal partnership between Whitchurch-Stouffville and Toronto.

Table 9.1 summarizes the groups of municipal partnerships by service area in each of the two regions. They are most common between neighbouring municipalities. This observation is to be expected because of the pure convenience of neighbours sharing service delivery. Fire dispatch is the service most commonly involved in a partnership, with 16 of the 17 municipalities reporting such arrangements. (See tables 9.2 and 9.3 for a listing of service-area partnerships by municipality and region.) It appears that there is very little difference between the two regions in terms of the groups of municipal partnerships. Tables 9.2 and 9.3 show that Durham has many boundary road maintenance agreements whereas York has only a few. Also, municipalities in York indicated that they share a group health and dental plan. This arrangement results in lower health and dental insurance costs because of the number of municipal employees involved. Municipalities in Durham share no such plan.

The functions where no public partnerships presently exist in Durham and York are: building inspection, by-law enforcement, engineering services, fire inspection, garbage collection, hydro, libraries, licensing, general maintenance, payroll preparation, planning and development, recreational services, recycling, sewage treatment and water utilities.

In some partnerships one municipality is more dominant in providing the service. Due to economic factors the more dominant municipalities tend to be more populous and financially stable. The total number of inter-municipal partnerships by region is found in table 9.4. There does not appear to be any differences in terms of numbers between the two regions. Both Durham and York regions have, on average, approximately five partnerships per municipality.

Respondents indicated differing responsibilities of the regional government. For example, when asked if public partnerships exist for recycling, Oshawa responded that this was a regional responsibility, whereas Pickering indicated a partnership with a private contractor. In York region, Newmarket and East Gwillimbury indicated private partnerships for recycling and Markham responded that recycling is done in-house.

Three groups of potential municipal partnerships that are currently being studied were included in Table 9.1. All are in the Durham. Ajax, Pickering, Whitby, Uxbridge, Brock and Scugog are studying the possibility of one fire dispatch centre serving all of these areas. Oshawa and Clarington are not currently participating in this study and instead are investigating the possibility of their own joint fire-dispatch centre. Oshawa originally encouraged the other six municipalities to join Oshawa's fire dispatch centre, but Oshawa wanted sole control, resulting in their refusal to participate further. The other partnership under study is an integrated transit system for Ajax and Pickering. This case is discussed later as a case study.

Case Studies

The following case studies were chosen as best representatives of the most and least common functions for which public-public partnerships are in place in Durham and York regions. These

brief descriptions should provide insight into the potential diversity and nature of these relationships.

Animal Control - Scugog and Uxbridge:
The Township of Uxbridge and the Township of Scugog have been partners in delivering animal control services for 20 years. The animal-control facility is located in Scugog and is a joint facility for which funding is shared. The employees report to both councils but traditionally Uxbridge council makes the major decisions. In the partnership agreement, Uxbridge manages the staff and pays the bills. Scugog provides the land. All costs are split down the middle except that each municipality keeps its own dog-tag revenues. There is no official legal agreement nor a contract, nor any paper work indicating the extent of their relationship. In terms of cost savings, each municipality paid for one half of the building and there is only one animal-control van, which results in cost savings for each municipality. There is only one person in charge of managing the shelter and therefore further savings are enjoyed. Brock township is looking into joining in on this partnership.

Fire Services and Dispatch:
Newmarket and Surrounding Areas
Newmarket has numerous inter-municipal agreements with various municipalities in three main areas: mutual aid, fire dispatch, and fire protection. Newmarket has established by-laws and contracts outlining the agreements and the costs to be charged to the various municipalities for all fire-dispatch and fire-protection inter-municipal agreements.

Mutual Aid
Often municipalities have intergovernmental arrangements with neighboring municipalities for fire-service emergencies. A partnership is established that would take effect in the event of an emergency if the fire departments in either of the partnering municipalities required additional assistance. This type of agreement is very common and is known as a mutual-aid agreement. All the municipalities in Durham and York regions have at least one mutual-aid agreement in place. In most such agreements, no money is exchanged. Instead, neighbouring municipalities provide assistance at no cost for each other in the event of a major fire or emergency. In the case of Newmarket, mutual aid is provided to and from all surrounding municipalities. However, there is no written agreement of any sort for these types of agreements.

Fire Dispatch
The Newmarket Fire Department provides and has provided fire dispatch services on a contract basis to Georgina, Aurora, and East Gwillimbury for over fifteen years. From a main switchboard in Newmarket, all 9-1-1 fire-service related calls from these areas are dispatched. This partnership results in nine stations being dispatched from one. These inter-municipal agreements result in cost savings as only one station requires staff and dispatch equipment. Georgina, Aurora, and East Gwillimbury are charged on a per capita basis for these services. Even though Newmarket has provided fire-communications services to Aurora, East Gwillimbury and Georgina for many years, the agreement is only valid for one year at a time.

For 1998, Newmarket is charging Aurora, East Gwillimbury and Georgina $1.35 per capita. Population figures are calculated by the York region planning department for the year previous to the year of payment. Unfortunately, it was very difficult to get estimates of cost per capita for Aurora, East Gwillimbury or Georgina to have their own separate fire-dispatch services. Part of the problem was due to the fact that the present dispatch agreements have been in place for so long and there is no documented information about alternatives. Cost savings are certainly evident due to economies of scale. Rough estimates indicate that the cost per capita for one small municipality to operate their own dispatch services would exceed $16-20 per capita. However, in the case of the Newmarket communications service, all residents of Aurora, East Gwillimbury, Georgina, and Newmarket contribute to the costs of the service.

Fire Protection

Newmarket has similar agreements with King township and Whitchurch-Stouffville for fire-protection services. These agreements have been in place for over 20 years and are approved by each town council in the form of by-laws. With these agreements Newmarket provides specified fire services to specific areas within King township and Whitchurch-Stouffville at an agreed upon cost. King and Whitchurch-Stouffville are both large rural areas with relatively small populations. Due to their vast area, King and Whitchurch-Stouffville would have to build new fire stations to be within a reasonable distance to respond quickly to emergency calls. It would cost these municipalities too much money to build and operate volunteer stations. Therefore, it is a much cheaper alternative to pay Newmarket a set retainer fee and a per-call fee than to provide the service themselves. For 1998 King and Whitchurch-Stouffville have agreed to pay Newmarket the following basic fees: $16,000 retainer fee, $300 per fire for each fire vehicle up to the first hour, and $120 for each fire vehicle for each additional half hour or part thereof, and $35.00 per hour per man from Newmarket attending a fire within the set service areas.

On 24 August 1998, York Region approved the concept of a centralized fire dispatch centre. Currently fire trucks are dispatched from four centres: Newmarket, Richmond Hill, Vaughan and Markham. A centralized system for York region would save approximately $96 million over 25 years. Newmarket fire chief, John Molyneaux, believes the joint fire dispatch centre is an excellent idea : "That one makes a whole lot of sense. If we don't do that, everybody is faced with upstaffing and buying technology for four centres instead of one (*Era-Banner* [Newmarket], 25 August 1998)." A consultant will be hired to carry out a technical study on the requirements for equipment, labour, location and how to go about merging the four dispatch centres into one. Newmarket is being examined as a possible location for the new dispatch centre. Many believe that the implementation of a centralized dispatch centre is a move towards regionalized fire service. However, Aurora fire chief Joe Hunwicks is unsure as to whether the amalgamated dispatch facility will necessarily lead to this result. Hunwicks feels that there is not enough political support from the municipal officials to merge all aspects of the fire departments in York region.

Transit - Ajax and Pickering:

Currently Ajax and Pickering have a small partnership in which the Ajax bus route serves the Pickering Town Centre and the Pickering bus route serves the Ajax GO (commuter-rail) station. This inter-municipal agreement has been implemented due to demand from the public. Ajax and Pickering are immediate neighbours; Ajax does not have a shopping mall; the Ajax GO Station is used by Pickering residents; demand for inter-municipal transit is obvious. For this inter-municipal agreement no money is exchanged and there is no formal written agreement specifying the arrangement.

Ajax and Pickering would like to see what further transit services could be partnered. Currently, both are jointly studying the potential complete amalgamation of their two transit systems. Their goal is to work in complete partnership for the delivery of their transit services. The proposal includes the utilization of one transit facility, maintaining separate budgets for each council, implementing common-fare technologies, common-fare policies, coordinated routes, joint training, sharing of resources and maintenance costs and the sharing of human resources. Ajax and Pickering are both concerned about their existing staff, and their need/ability to work cooperatively.

Serious discussions between Ajax and Pickering began in early 1997. The guiding principles have been to :

- increase quality and reduce the costs of service delivery
- streamline services and eliminate duplication
- raise efficiency levels to increase productivity
- achieve various economies of scale (Quinn and Parisotto 1998).

The study is being conducted by a consulting team with expertise in municipal transit, finance, administration and labour relations. The consultants will report to a steering committee made up of staff representatives from Ajax and Pickering. The study has been divided into three phases. Phase 1 is a detailed business case, Phase 2 is an implementation strategy, and Phase 3 involves an operational review.

Phase 1 will examine whether the following objectives would be achieved by partnering Ajax and Pickering transit services:

a) To enhance customer service and satisfaction by improving the quality of the transit service within and between Ajax and Pickering, and to adjacent municipalities.
b) To reduce transit costs by eliminating duplication, sharing resources, infrastructure and professional expertise, and streamlining operations.
c) To achieve greater efficiencies through common routing and scheduling, common maintenance, joint training, joint purchasing, and improved risk management.
d) To manage human resources for maximum effectiveness and provide increased opportunities for job satisfaction, advancement and enrichment.
e) To increase transit ridership and revenues, and provide a more efficient and flexible transit service to meet the needs of future transit users in Ajax and Pickering (Ajax and Pickering 1998, 3).

Depending on the findings following Phase 1, Phase 2 would involve recommendations as to how to proceed with partnering the services. The third phase would only be completed if phases 1 and 2 were approved, and would be a detailed report on the operational side of the new transit system, including recommendations on service areas, transfers, maintenance,

staffing etc. The staff and council members involved in establishing the terms of reference for the transit study have been careful to involve all stakeholders in the study, including staff, transit committee members, transit users and various community groups.

Boundary Road Agreement - Vaughan and King:
Boundary road agreements are a form of partnership that is very common among municipalities in Ontario. The Township of King has numerous boundary road agreements with neighbouring municipalities, including Newmarket, East Gwillimbury and Vaughan. These agreements involve snow removal and maintenance. All of the agreements are slightly different from each other, with some involving the exchange of money for the service and others the exchange of services. For example, some boundary road agreements involve one municipality maintaining one boundary road, while the other municipality maintains another. Or, one municipality does all snow removal of all boundary roads while the other municipality coordinates general maintenance and construction. As at June 1999, there had been a boundary road agreement in place between King and Vaughan for the previous two years. This agreement involves King paying Vaughan to maintain certain roads on the border of the two municipalities. There is no written documentation or legal contract for this agreement. In fact, many senior municipal employees in Vaughan were unaware of the agreement. In King, the only person with any knowledge of this agreement was the director of public works.

Conclusion

This study of inter-municipal partnerships in York and Durham has uncovered a number of common defects: limited documentation and knowledge, lack of administrative control and the absence of formal systems for evaluation. In all of the municipalities surveyed and interviewed it was very difficult to find an appropriate person to speak with, and close to impossible to find any written documentation with regards to the partnership arrangement. Generally, only one person in a municipality had any knowledge of the particular partnership that their municipality was involved in. Municipalities need to establish some clear means of controlling, documenting and evaluating their partnerships. For successful public-public partnerships, there needs to be clear financial benefits for both partners political support of the arrangement, clear objectives by the partners, and a comprehensive agreement (Skelly 1996).

Of all the municipalities studied, it appears that Ajax and Pickering are the most progressive when it comes to inter-municipal agreements. In a letter to Ajax and Pickering municipal councils, Richard Parisotto, CAO of Ajax, and Thomas Quinn, general manager of Pickering reiterated their sincere commitment and belief in public-public partnerships:

> We believe there are numerous partnerships and business cases which can be identified in the municipal sector in Durham which will enhance services to our residents and produce cost savings. It is incumbent on us, as Municipal Administrators, to provide leadership and direction to our organizations and join together to explore these opportunities (Quinn and Parisotto1998).

For both transit in Ajax, and Pickering transit systems and fire dispatch in York region, there is the distinct possibility of a complete merger. What began as a small partnership could result in amalgamation—for a single service at least.

Table 9.1 Groups of Service Partnerships (July 1998)

Services	Groups of Municipal Partnerships
Animal Control	Durham -Ajax, Pickering, Whitby-20yrs. -Uxbridge, Scugog-20yrs. York -Stouffville, East Gwillimbury, Georgina-1yr
Computer (IT) Services	York -Richmond Hill, Markham, Scarborough, Mississauga, Toronto-1yr
Fire Dispatch	Durham -Ajax, Pickering, Whitby, Uxbridge, Brock, Scugog-study -Brock, Ajax-8yrs -Uxbridge, Whitby-10yrs -Scugog, Oshawa-5yrs -Oshawa, Clarington- study York -Newmarket, Georgina-15yrs -Newmarket, Aurora-15yrs -Newmarket, East Gwillimbury-15yrs -King, Vaughan-30yrs -Markham, Stouffville
911 Dispatch	Durham Uxbridge, Whitby-10yrs York -King, Vaughan-30yrs
Fire Services	Durham -Ajax, Pickering, Whitby-20yrs -Uxbridge, Whitby-20yrs -Uxbridge, Scugog-20yrs -Brock, Ramara-20yrs -Brock, Georgina-10yrs -Brock, Eldon-3yrs -Brock, Marposa-7yrs York -Newmarket, Aurora-15yrs -Newmarket, East Gwillimbury-15yrs -Newmarket, Georgina-15yrs -Newmarket, King-20yrs -Newmarket, Stouffville-20yrs Note: all municipalities in Durham and York have mutual aid agreements in place.
Garbage Disposal	York -Stouffville, Metro Toronto
Group Health and Dental Benefit Plan	Co-operative group of municipalities within York Region
Purchasing	Co-operative group of municipalities within Durham and York Regions

Services	Groups of Municipal Partnerships
Roads ie)maintenance	Durham -Ajax, Pickering,Whitby-Boundary Roads -Brock, Eldon- 15yrs -Brock, Scugog-23yrs -Brock, Uxbridge-25yrs -Oshawa-Boundary Roads York -King, Vaughan-Boundary Roads-2yrs
Social Services	Durham -Ajax, Pickering
Transit	Durham -Ajax, Pickering-HandyTransit-3yrs -Ajax, Pickering- study for full amalgamation -Uxbridge, Scugog-Handi-Transit -Oshawa, Whitby, Courtice York -Richmond Hill, Markham, Vaughan -Stouffville- Go Transit -Aurora, Richmond Hill, Newmarket

Table 9.2 Durham Region Service Area Partnerships (July 1998)

	Ajax	Brock	Clarington	Oshawa	Pickering	Scugog	Uxbridge	Whitby
Services								
Animal Control	X				X	X	X	X
Building Inspection								
By-law Enforcement								
Computer (IT) Services								
Engineering Services								
Fire Dispatch	X	X	X	X	X	X	X	X
911 Dispatch							X	X
Fire Services	X	X			X	X	X	X
Fire Inspection								
Garbage Collection								
Garbage Disposal								
Group Health Plan								
Hydro								
Libraries								
Licensing								
Maintenance								
Payroll Preparation								
Planning and Development								
Purchasing	X	X	X	X	X	X	X	X
Recreation Services								
Roads ie)maintenance	X	X		X	X	X	X	X
Recycling								
Sewage Treatment								
Social Services	X				X			
Transit	X			X	X	X	X	X
Water Utilities								
Total	7	4	2	4	7	6	7	7

Table 9.3 York Region Service Area Partnerships (July 1998)

	Aurora	E. Gwill.	Georgina	King	Markham	Nwmkt	Rich-mond Hill	Vaughan	Stouff-ville
Services									
Animal Control		X	X						X
Building Inspection									
By-law Enforcement									
Computer (IT) Services					X		X		
Engineering Services									
Fire Dispatch	X	X	X	X	X	X		X	X
911 Dispatch				X				X	
Fire Services	X	X	X	X		X			X
Fire Inspection									
Garbage Collection									
Garbage Disposal									X
Group Health Plan	X	X	X	X	X	X	X	X	X
Hydro									
Libraries									
Licensing									
Maintenance									
Payroll Preparation									
Planning and Development									
Purchasing	X	X	X	X	X	X	X	X	X
Recreation Services									
Roads ie)maintenance				X				X	
Recycling									
Sewage Treatment									
Social Services									
Transit	X				X	X	X	X	X
Water Utilities									
Total	5	5	5	6	5	5	4	6	7

Table 9.4 Total Number of Inter-municipal Partnerships by Region (July 1998)

Durham Region	
	Total Number of Inter-municipal Partnerships
Ajax	7
Brock	4
Clarington	2
Oshawa	4
Pickering	7
Scugog	6
Uxbridge	7
Whitby	7
Total	44
York Region	
	Total Number of Inter-municipal Partnerships
Aurora	5
East Gwillimbury	5
Georgina	5
King	6
Markham	5
Newmarket	5
Richmond Hill	4
Vaughan	6
Whitchurch-Stouffville	7
Total	48

Chapter 10 - Conclusion

This report has comprised eight case studies: four of amalgamation and four of inter-municipal agreements. All are quite different from each other. Generalizations are therefore difficult. This is as it should be. If local governments did not respond in different ways to the different circumstances in their respective local environments, there would be no reason for creating local governments in the first place.

It is possible, however, to at least classify our different cases so as to better understand what we have learned. The main variable to be considered can perhaps best be captured by the term "comprehensiveness. "[5] As will be shown below, the term refers primarily to territory, but there are other relevant dimensions as well.

Among the four cases of amalgamation, Cape Breton is the most comprehensive. It takes in the entire area known as "industrial Cape Breton:" cities, towns, villages, and their suburban and rural hinterlands. There is nothing in our case that suggests that anyone ever claimed that the boundaries of the new Cape Breton Regional Municipality are insufficiently comprehensive. There are no reports of inter-municipal problems, issues, or agreements between the new regional municipality and its neighbours. The lesson here is clear: extend the boundaries of a new amalgamated municipality far enough—especially in a relatively sparsely populated area such as Cape Breton—and inter-municipal entanglements can be eliminated.

London ranks next on the comprehensiveness scale. Municipal boundaries now extend far out into the countryside, especially to the south where Westminster used to be. For the foreseeable future no one will possibly be able to claim that London has insufficient territory for new urban growth. By absorbing Westminster, London took in the land on which its major landfill site is located and on which any potential new sewage-treatment plant will be built. Even to the north there is sufficient new territory on which the city could locate a northern ring road—a subject of current political debate in the city.

But, unlike Cape Breton, London must still be closely involved with its municipal neighbours. Provincial legislation links London in various ways to the county of Middlesex for a number of local-government functions: public health, ambulances, watershed conservation, and planning for future solid-waste disposal. For the purposes of water supply, it will soon be linked with numerous municipalities to the north and south with whom it shares its Lake Huron and Lake Erie-based systems. Much of the economy of London depends on the servicing of its rich agricultural hinterland. More and more people who work in London are choosing to live in small towns that are still well outside London's expanded municipal boundaries. Many Londoners commute to work outside the city, especially to the huge Talbotville Ford plant which, as a result of annexation, is now just outside London's southern border. Although London's new sewage-treatment plant, if and when it is built, will be within London's borders, the planning for its construction has been hampered in part by people outside London who claim they will be negatively affected.

The new city of Abbotsford is the result of a less comprehensive amalgamation than London's. This is primarily because Abbotsford still relies on a water-supply and sewage-

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[5] This term is used in a similar,but not identical, fashion in Sancton 1994,15.

treatment system that is based outside its borders. Furthermore, public transit for Abbotsford is provided through a partnership arrangement with Mission on the other side of the Fraser river (Abbotsford 1997, 5). Although Abbotsford is not yet part of the Vancouver census metropolitan area, it is important to realize that, because of its location in the lower Fraser valley, it is already part of the wider Vancouver region. On its own website, Abbotsford acknowledges that "most of its population growth [has been] a result of its proximity to Greater Vancouver (http://www.city.abby.bc.ca/econdev/overview.html)."

To describe Laval, Quebec as the least comprehensive amalgamation of the four seems perverse. It involved more municipalities than any of the ones described here and its current population is greater than any of the other three amalgamated units. However, its territory (24,584 hectares) is the smallest. Much more importantly, Laval is fully integrated into the urbanized portion of the Montreal metropolitan area. Although it has its own infrastructure for water supply and sewage treatment, its transportation network is oriented toward Montreal. Laval's public transit system is linked to Montreal's and the one on the south shore through a regional transit coordinating agency (Frisken 1994, 519). The current Quebec government has even promised that Montreal's *Métro* subway system will soon be extended to Laval. Laval is the most populous suburban municipality in the census metropolitan area of Montreal. But its population makes up only 9.9 percent of the metropolitan total. It is in this sense that the Laval amalgamation lacks comprehensiveness.

Assessing the comprehensiveness of inter-municipal agreements is even more difficult. This is mainly because, for agreements, there are more dimensions to measure. By definition, amalgamations involve all municipal functions that are the responsibility of the relevant level of government. Inter-municipal agreements, by definition, cover only one function or a set of closely related ones. Some functions are obviously more important than others. Do we measure the comprehensiveness of the agreements by the importance of the function or by the size of the territory served? The arbitrary answer is that, for the purposes of this analysis, territory will be the main variable.

By this standard, the inter-municipal agreement between Regina and Moose Jaw for water supply is the most comprehensive. Here we have two quite distinct cities, more than 60 kilometres apart, that rely on an agreement for the provision of what is, arguably, their most essential service. The two municipalities are so distinct that it is hard to imagine anyone arguing in favour of any form of municipal amalgamation, or even for the creation of a common upper-tier form of multi-purpose regional government. At the same time, no one expresses any serious dissatisfaction with the basic nature of the agreement. This is a clear case in which an inter-municipal agreement solves a problem and in which municipal amalgamation would clearly be inappropriate.

The cases of Edmonton and St. John's are similar to each other. In both metropolitan areas there is a dominant central city which has dramatically increased its territory in recent decades but which has also been frustrated in its attempts to become the only urban metropolitan jurisdiction. Perhaps because of the existence of the Alberta Capital Region Alliance, inter-municipal agreements throughout the entire area seem better documented in Edmonton than in St. John's. In St. John's we know much about the relations between the central city and Mount

Pearl, but for Edmonton it seems that inter-municipal agreements involve a greater number of municipalities and cover a wider range of functions. In both cases, the relevant provincial legislature has provided a framework for some forms of cooperation. In Edmonton, there are the regional services commissions in which the central city itself is not formally involved. In St. John's, the central city owns and operates much of the infrastructure used by neighbouring municipalities and is obliged to involve such municipalities in various committees that supervise their operation. In neither case, however, is there an effective metropolitan institution that can act on behalf of the entire built-up area. ACRA has the potential to become one, but no such body exists for the St. John's area. The fact that both central cities are so dominant is obviously a problem. Neither is so large that it has eliminated all rivals, but both are still very threatening to any smaller municipality that might otherwise contemplate constructive cooperation in a metropolitan institution.

The inter-municipal agreements discussed in this paper within York and Durham regions are quite different. For one thing, like the Laval amalgamation north of Montreal, they exist solely within the suburban portion of a much larger metropolitan area. Unlike any of the other cases in this report, they exist within area municipalities that are all part of a two-tier system of municipal government. This means that the big infrastructure issues for these municipalities are already being handled at the regional, or upper-tier, level. What is significant about our findings for York and Durham is that, even within two-tier systems designed specifically to provide an upper-tier institutional framework for the provision of services that transcend any particular lower-tier municipality (municipalities that are themselves the result of significant amalgamations when the reorganized systems were created), there is still a dense network of inter-municipal agreements covering everything from animal control to public transit.

Almost all the cases analyzed here suggest that municipal amalgamations and inter-municipal agreements are not alternatives to each other. Inter-municipal agreements are pervasive. They are going to exist whether there have been amalgamations or not. This is especially evident when we realize that, by North American standards, the central cities of Edmonton and St. John's have, over the last two decades, experienced significant territorial growth through huge annexations. Only in Cape Breton Regional Municipality do we find that neither inter-municipal agreements nor inter-municipal special-purpose bodies seem to be much of a factor in the provision of local services. Ironically, however, the creation of the new municipality in Cape Breton was not caused by dissatisfaction with the state of inter-municipal relations. It was caused by the desire to use the healthier tax base of some municipalities (especially the county) to prevent the potential bankruptcy of some of the smaller urban ones.

It is true that inter-municipal agreements are much less important for the provision of services in each of the Canadian urban areas discussed in this report than in metropolitan St. Louis, Pittsburgh, or Louisville, the American cases described in the introductory chapter. Few people in Canada will see any attraction in modelling our municipal arrangements on these American examples. But they do teach us that services can be provided without having one big municipal government. The cases examined in this report illustrate that, generally speaking, the existence of one big government does not mean that there will be no inter-municipal agreements.

The task at hand is not to choose between amalgamations and agreements. The Cape Breton case shows that amalgamation can indeed have the effect of eliminating agreements. But the other three cases of amalgamation examined here have all been accompanied by a continuing need for the amalgamated municipality to make significant agreements in one form or another with its neighbours. In none of these cases is there any evidence that amalgamation actually saves money.

Among the four cases involving agreements, Regina-Moose Jaw is the only one in which no one could possibly argue that a municipal agreement should lead to amalgamation. In each of the other three cases, there are serious claims still being made that at least some of the existing inter-municipal agreements should be replaced by inter-municipal amalgamation. Proponents of such amalgamations are unlikely to be convinced by any evidence in the cases analyzed here. Some might quite openly argue that their real objective is to achieve the kind of fiscal re-arrangements brought about by the Cape Breton amalgamation. Others will still anticipate cost savings from amalgamation, regardless of experience elsewhere. Supporters of total amalgamation in Edmonton and St. John's will look admiringly at economic growth in Calgary and tend to ignore the less-inspiring record of Winnipeg's unicity (and, more recently, of London, Ontario).

Ultimately, however, it is the Abbotsford case that is the most instructive. Amalgamation took place between Matsqui and the former Abbotsford because that is what local citizens wanted. But the new Abbotsford shares water-supply and sewage facilities with Mission because that appears to be the most technically efficient way of providing the services. In short, the Abbotsford case demonstrates that amalgamation and inter-municipal agreements co-exist in the real world; they are not mutually exclusive alternatives. Those who might find the Abbotsford arrangements somehow defective should carefully specify their reasons. Those who are favourable should make sure that participants in other debates about municipal structures know that, in some circumstances at least, amalgamation can receive popular approval through a local referendum.

Such awareness would encourage proponents of amalgamation to understand that mobilizing local majority support without external pressure is a realistic possibility and proponents of agreements would acknowledge that their preferred option is only relevant in the absence of a local desire to create a common local political community. After all, the ultimate agreement is for two or more units to agree that no more agreements are necessary because henceforth they will all be one.

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